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# ArcelorMittal Luxembourg S.A.

## Valuation Report

8 September 2014

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**Board of Directors of ArcelorMittal S.A.**

19, avenue de la Liberté

L-2390 Luxembourg

8 September 2014

Dear Sirs,

## 1. Introduction

ArcelorMittal S.A. (hereinafter "ArcelorMittal" or "AM") has a combined equity interest in the outstanding shares of ArcelorMittal Luxembourg S.A. (hereinafter "AML" or "AM Luxembourg") of 99.86%, of which 0.15% is owned through a direct interest and 99.71% is owned through its wholly owned subsidiary, ArcelorMittal Global Holding Bis S.à r.l.. AM is consequently deemed to be the majority shareholder of AML (hereinafter the "Majority Shareholder") under the Luxembourg law of 21 July 2012 on the mandatory squeeze-out and sell-out of securities of companies currently admitted or previously admitted to trading on a regulated market or having been offered to the public (hereinafter "the Law"). The remaining 0.14% of the outstanding shares of AML (collectively the "Minority Shares") are held by several minority shareholders (hereinafter the "Minority Shareholders").

In a letter dated 29 April 2014, one of the Minority Shareholders notified ArcelorMittal of his decision to exercise his mandatory sell-out right under the Law to redeem his shares in AML.

On August 8, ArcelorMittal informed the Commission de Surveillance du Secteur Financier (hereinafter "CSSF") of its decision to exercise its right of a mandatory squeeze-out on the shares of AML which are being held by the Minority Shareholders (hereinafter "Squeeze-Out"). Under the Law, ArcelorMittal is required within one month following this notification, to communicate to the CSSF a proposed price for the Minority Shares, as well as to provide a valuation report drawn up by an independent expert (the "Valuation Report").

ArcelorMittal has mandated KPMG Luxembourg S.à r.l. (of which KPMG Corporate Finance is a division) (hereinafter "KPMG Corporate Finance") to prepare the Valuation Report in the context of the Squeeze-Out of the interests held by the Minority Shareholders. We acknowledge that the Valuation Report will be made public and communicated to all concerned parties (including the Minority Shareholders and the CSSF).

This Valuation Report on the Minority Shares is drawn up by reference to information as at 30 June 2014 (the "Valuation Date"). AML is part of the ArcelorMittal Group of which ArcelorMittal is the parent company. The shares of ArcelorMittal are admitted to dealing on the regulated market of the Luxembourg Stock Exchange, Euronext Paris, Euronext Amsterdam, the New York Stock Exchange and the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia. Each year as at 30 June, ArcelorMittal, in accordance with applicable regulations, publishes unaudited consolidated half year financial statements. The Valuation Date corresponds to the reference date of the most recent financial statements which were available on the date on which the Majority Shareholder notified the CSSF of its decision to exercise its Squeeze-Out right. Given the size of AML, its position in the ArcelorMittal Group and the availability of the group's half year financial and accounting information, we consider it appropriate to draw up the Valuation Report as at the Valuation Date. We have where appropriate and/or indicated taken into account any significant event which occurred in the period after the Valuation Date. For the listed entity Eregli Demir and the related Equity Linked Note, we applied the 3 months average share price as at 4 September 2014.

### 1.1. Technical requirements

The Law states that the independent expert in a squeeze-out procedure is:

- Appointed by the majority shareholder and their name must be provided to the CSSF;
- Responsible for issuing a valuation report on the Fair Price of the securities; and,
- Independent and not conflicted in any way.

### 1.2. Factors considered in forming our opinion

In forming our opinion we have considered, in particular, the following matters:

- The Fair Prices of pension plans available to the employees of certain subsidiaries of AML as at the Valuation Date, which were independently valued by AML's independent actuaries in the context of AML's financial reporting under International Financial Reporting Standards (hereinafter "IFRS"). We relied solely on the analyses of AML's independent actuaries and did not independently verify their work;
- We understand that all loans related to AM Finance and Arcelor Investment can be considered as performing. Management did not indicate that a loan could be non-performing; and,
- We have performed a desktop valuation of the real estate assets held by AML. Unless otherwise noted, no site visit was performed. Other limiting assumption on the valuation of real estate assets are presented in *section 23 Appendix 16 – ArcelorMittal Luxembourg Real Estate* of this Valuation Report.

## 2. Summary of opinion

Based on our analysis, we are of the opinion that the Fair Price of AML per share is €776.13 as at the Valuation Date in the context of the Squeeze-Out.

Based on our concluded Fair Price for 100% of the equity of AML, the implied Price-to-Book value multiple was 1.22x as at the Valuation Date. Comparatively, the implied Price-to-Book value multiple for ArcelorMittal, the publicly listed ultimate parent company of AML, was 0.55x as at the Valuation Date. The difference is partly explained by the fact that whereas most of the value of ArcelorMittal is derived from operating entities, a significant portion of AML's value is generated from financing entities, which tend to have higher Price-to-Book value multiples as compared to operating entities. We note that the implied aggregated Price-to-Book value multiple of the operating entities owned by AML was 0.87x.

## 3. Key considerations

Our opinion is based solely on information available to us as at the date of this report as set out in *Section 26 Appendix 19 – List of document received from Management* of the Valuation Report. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact our valuation opinion. We refer readers to the limitations and reliance on information as set out in *section 6.3 Limitations and reliance on information* of the Valuation Report.

## 4. Other matters

In forming our opinion, we have relied on objective methods which we considered adequate and which are applied in case of asset sales. Therefore, our opinion does not consider the financial situation, objectives or needs of individual Minority Shareholders. It is not practical or possible to assess the implications of the proposed price (the "Proposal") on individual Minority Shareholders as their financial circumstances are not known.

Our report has been prepared in accordance with the relevant provisions of the Law and other applicable Luxembourg regulatory requirements. This report has been prepared solely for the purpose of assisting the Majority Shareholders in formulating the Proposal. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

All currency amounts in this report are denominated in Euros (hereinafter "EUR" or, "€") unless otherwise stated.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices.

## 5. Legal context

The Law on the squeeze-out and sell-out of securities admitted or formerly admitted on a regulated stock exchange of having been offered to the public entered into force on 1 October 2012. The term "squeeze-out" refers to the right by the majority shareholder to compulsory acquire the shares of all the minority shareholders. Conversely, the term "sell-out" or "reverse squeeze-out" allows a minority shareholder to request the purchase of his shares from the majority shareholder.

Prior to the adoption of the Law, the law dated 19 May 2006 implementing the EU Directive on takeover bids 2004/25/EC introduced squeeze-out rights and sell-out rights available in certain circumstances in relation to takeover bids.

The scope of the Law governs the squeeze-out and sell-out of securities of a company that has its registered office in Luxembourg and whose securities:

- Are admitted to trading on at least a regulated market in one or several member states of the European Economic Area;
- Were previously admitted to trading on at least a regulated market in one or more member states of the European Economic Area, if the removal from trading took place less than five years ago; or,
- Were subject to a public offering less than five years ago.

During a transitory period ending 3 years after the entry into force of the Law, the Law extends squeeze-out rights and sell-out rights to situations where the company's securities were removed from trading on a regulated market (i.e. de-listed) after 1 January 1991, which is the case for AML.

The term “majority shareholder” is defined by the Law as any natural or legal person holding alone or together with other persons acting in concert, directly or indirectly, securities representing not less than 95% of the capital carrying voting rights and 95% of the voting rights of the company.

The majority shareholder must provide the CSSF with a proposed Fair Price for the securities and a valuation report.

## 6. Scope of the report

### 6.1. Purpose

The Majority Shareholder notified the CSSF of the decision to exercise its squeeze-out right under the Law. As a result, there is a legal requirement for a valuation report to be prepared in accordance with the requirements of the Law.

### 6.2. Basis of assessment

The Valuation was conducted as at 30 June 2014 and according to Article 4 of the Law, which states that the contemplated transaction in relation to the Proposal (hereinafter the “Transaction”) has to be performed on the basis of a “Fair Price”. In preparing the Valuation Report, our Fair Price estimate is based primarily on information provided by ArcelorMittal and its subsidiaries, industry research and discussions held with ArcelorMittal management and the management of its subsidiaries (collectively hereinafter “Management”). Despite the Law not defining the “Fair Price”, it states that the Fair Price has to be derived according to objective and adequate methods applying to asset disposals (refer to Article 4 of the Law). For the purpose of the Valuation, and based on our professional experience in the field of valuing transferable securities, we define the term “Fair Price” in further detail in *Section 7.4.2 Overview of valuation approaches*. Fair Price is defined here as the estimated amount for which assets or liabilities should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, where the parties had each acted knowledgeably, prudently and without compulsion.

We note that there may be significant differences between “price” and “market value” in an open market due to the following: (i) purchasers and vendors may have different knowledge, negotiating abilities and financial strengths; (ii) all potential purchasers may not be identifiable; (iii) legal and contractual restrictions are enforceable and cannot be assumed away; (iv) a price may be struck as the result of forced or compulsive acts on behalf of either the vendor or the purchaser; and, (v) the price may not be comprised of all cash consideration and earn-outs or other structures may be relied upon to bridge the price “gap” between the vendor and the purchaser.

The valuation methodologies adopted by KPMG Corporate Finance are outlined in more detail in the attached report and include as appropriate, but are not limited to, a combination of:

- An income approach based on discounted cash flow analysis (hereinafter “DCF”);
- A market approach based on multipliers implied by comparable publicly traded companies; and,
- A net asset value approach (hereinafter “NAV”).

### 6.3. Limitations and reliance on information

In preparing this report and arriving at our opinion, we have considered the information outlined in *Section 26 Appendix 19 – List of document received from Management* of this report. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this report should be taken to imply that KPMG Corporate Finance has in any way carried out an audit of the books of account or other records of AM Luxembourg or its subsidiaries (collectively hereinafter the "Entities") for the purposes of this report.

We further note that an important part of the information used in forming our opinion is comprised of the opinions and judgments of Management. Therefore, we have also had discussions with Management in relation to the nature of the business operations of the different Entities included in the valuation scope. Discussions were also held in relation to the Entities' specific risks and opportunities, their historical results and their prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical.

ArcelorMittal is responsible for ensuring that the information provided by it or its representatives is not false or misleading, or incomplete. Complete information is deemed to be information which at the time of completing this Valuation Report would have reasonably been expected to have been made available to KPMG Corporate Finance to enable us to form our opinion.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG Corporate Finance included but was not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters (e.g. forward-looking financial information) prepared by Management. Whilst KPMG Corporate Finance has relied upon this forward-looking financial information in preparing this report, ArcelorMittal remains responsible for all aspects of this forward-looking financial information. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information; however, we have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis.

Notwithstanding the above, KPMG Corporate Finance cannot provide any assurance that the forward-looking financial information will be representative of the results which will actually be achieved during the forecast period. Any variations in the forward-looking financial information may affect our valuation and opinion.

We note, that in the context of the contemplated Proposal, it is not the role of the independent expert to undertake a commercial and/or legal due diligence. In forming our opinion we applied, among others, the guidelines issued by the International Valuation Standards Council (hereinafter "IVSC"). In the context of the IVSC guidelines we note that this report is not:

- An opinion or any form of assurance that the highest and best possible price is being obtained or received for the Transaction;
- An assessment or evaluation of the sale or negotiation process leading to the pending Transaction or consideration to be paid/received therein;
- An affirmation of the strategic merit of the contemplated Transaction;
- A recommendation to security holders on how to vote;
- An analysis of, or opinion on, other aspects of a given transaction such as lockups, termination fees, severance agreements, and so on; and,
- A confirmation of, or any form of opinion or assurance (audit, review, or compilation) on, historic or, prospective financial or any other information provided by or on behalf of the client or obtained publicly.

The opinion of KPMG Corporate Finance is based on prevailing market, economic and other conditions at the Valuation Date. Conditions can change over relatively short periods of time.

KPMG Corporate Finance has based the Valuation on information and data as at the Valuation Date, except for the disposal of Circuit Foil which was materialized after the Valuation Date. We understand that any other subsequent event was deemed not significant by Management.

Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

### 6.4. Disclosure of information

In preparing this report, KPMG Corporate Finance has had access to all financial information considered necessary in order to provide our valuation opinion. With respect to commercially sensitive information, this report will encompass limited operational and financial information relating to ArcelorMittal and its subsidiaries. This has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising ArcelorMittal. As such the information in this report has been limited to the type of information that is made available in the public domain by ArcelorMittal.

### 6.5. Declaration of independence

In accordance with our engagement letter dated 1 July 2014 and the addendum to the engagement letter dated 8 August 2014 (hereinafter the “Engagement Letter”), KPMG Luxembourg S.à r.l. (hereinafter “KPMG”) has been engaged by ArcelorMittal S.A. (hereinafter “ArcelorMittal”) to act as an independent valuation expert in compliance with the Law of 21 July 2012 (previously defined as “the Law”) on the mandatory squeeze-out or sell-out of securities of companies currently admitted or previously admitted to trading on a regulated market or having been offered to the public pursuant to a request of a minority shareholder to repurchase its shares.

KPMG has conducted the usual checks in matters of independence and conflicts of interest related to this engagement. We note that:

- KPMG is neither the auditor of AM Luxembourg, AM Global, nor ArcelorMittal;
- Since 2008, KPMG is no longer the auditor of ArcelorMittal, which was previously a joint title with Deloitte. KPMG is the auditor of ArcelorMittal Energie SCA, a subsidiary of ArcelorMittal. However, ArcelorMittal Energie SCA is not part of the scope of the Valuation of ArcelorMittal Luxembourg;
- The KPMG team members assigned to this engagement have no financial interest in ArcelorMittal or its subsidiaries, including but not limited to AM Global, AML and the Entities, and are independent from ArcelorMittal. In addition, each team member has confirmed the absence of any conflict of interest with ArcelorMittal;
- No valuation has been performed by KPMG in the context of third party or related party transactions involving AM Global or AML;
- No potential conflict of interest has been identified with the other services provided by KPMG to ArcelorMittal or its subsidiaries;
- Total sales attributable to services provided to ArcelorMittal by KPMG over the last three years correspond to approximately 0.03% of KPMG’s global annual sales. Accordingly, the sales generated by KPMG from ArcelorMittal represent therefore a very small portion of KPMG’s global revenue; and,
- Over the last three years, the average total sales that KPMG Luxembourg generated from engagements with ArcelorMittal amounted to approximately 0.35% of our total annual sales. Accordingly, the revenue generated from engagements with ArcelorMittal represent a very small portion of KPMG Luxembourg’s revenue.

Therefore, we did not identify any potential conflicts of interest or any elements questioning our independence in the context of the Valuation Report.

The above opinion should be considered in conjunction with the information set out in the remainder of this report, including appendices.

Yours sincerely,

Yves Courtois

Partner

KPMG Luxembourg S.à r.l.

| | |
|---|---|
| AGORA | AGORA S.à r.l. and AGORA S.à r.l. et Cie S.e.c.s. |
| AI, Arcelor Investment | Arcelor Investment S.A. |
| AIS | Arcelor Investment Services S.A. |
| AM B&B | ArcelorMittal Bissen and Bettembourg S.A. |
| AM B&D, ArcelorMittal Belval & Differdange | ArcelorMittal Belval and Differdange S.A. |
| AM Belgium | ArcelorMittal Belgium S.A. |
| AM Belval | ArcelorMittal Belval |
| AM Bettembourg | ArcelorMittal Bettembourg facility |
| AM Bissen | ArcelorMittal Bissen facility |
| AM Bremen | ArcelorMittal Bremen GmbH |
| AMCS | ArcelorMittal Commercial Section S.A. |
| AM Differdange | ArcelorMittal Differdange |
| AM Dommeldange | ArcelorMittal Dommeldange S.à r.l. |
| AM Dudelange | ArcelorMittal Dudelange S.A. |
| AMDS | ArcelorMittal Distribution Solutions S.A. |
| AM FCE | ArcelorMittal Flat Carbon Europe |
| AM Finance | ArcelorMittal Finance S.C.A. |
| AM Finanziaria | ArcelorMittal Finanziaria S.r.l. |
| AM Global | ArcelorMittal Global Holding S.à r.l. |
| AMGH Bis | ArcelorMittal Global Holding Bis |
| AMI, AM International | ArcelorMittal International S.A. |
| AML, AM Luxembourg | ArcelorMittal Luxembourg S.A. |
| AMOB | AML Office Building in Esch-sur-Alzette |
| AM R&S | ArcelorMittal Rodange and Schifflange S.A. |
| AMS | ArcelorMittal Sources |
| AM Wire | ArcelorMittal Wire International S.A. |
| ArcelorMittal, AM, the Client, the Majority Shareholder | ArcelorMittal S.A. |
| ArcelorMittal Group, the Group | ArcelorMittal S.A. with its subsidiaries and associates |
| B&B Other | Other restructuring unit of ArcelorMittal Bissen and Bettembourg S.A. |
| Book value | The value of an asset or liability according to its balance sheet account balance |
| bps | Basis Points |
| Capex | Capital expenditure |

| | |
|---|---|
| CAGR | Compound Annual Growth Rate |
| CAPM | Capital Asset Pricing Model |
| CFL Cargo | CFL Cargo S.A. |
| Circuit Foil | Circuit Foil Luxembourg S.à r.l. |
| CRP | Country Risk Premium |
| CSSF | Commission de Surveillance du Secteur Financier |
| D&A | Depreciation and Amortization |
| DCF | Discounted Cash Flow |
| € / EUR | Euro |
| e.g. | For example |
| EBIT | Earnings Before Interest and Taxes |
| EBITDA | Earnings Before Interest, Taxes, Depreciation and Amortization |
| EBT | Earnings Before Taxes |
| ELN | Equity Linked Notes |
| Engagement, Valuation | Opinion of the Fair Price of 100% of the shares of ArcelorMittal Luxembourg S.A. |
| Engagement Letter | KPMG's letter of engagement dated 1 July 2014 and the addendum to the engagement letter dated 8 August 2014 |
| Entities | Subsidiaries of AM Luxembourg |
| Eregli Demir | Eregli Demir ve Celik Fabrikalari T.A.S |
| ERP | Equity Risk Premium |
| Europe Division | Europe division of ArcelorMittal |
| EV | Enterprise Value |
| EV/EBITDA | Enterprise Value-to-EBITDA multiple |
| F | Forecast |
| FAB | Fencing and Agri-Business |
| Fair Price | The estimated amount for which assets or liabilities should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, where the parties had each acted knowledgeably, prudently and without compulsion. |
| FCF | Free Cash Flows |
| FCFF | Free Cash Flows to the Firm |
| Forecast Period | FCFF in the period 2014 to 2018 based on the Management Business Plan |
| FTE | Full time equivalent |

| | |
|---|---|
| FY | Financial Year |
| g | Terminal growth rate |
| GAAP | Generally Accepted Accounting Principles |
| GET | General Engagement Terms |
| GFA | Ground floor area |
| i.e. | That is to say |
| IFRS | International Financial Reporting Standards |
| ILR | Institut Luxembourgeois de Régulation |
| IVSC | International Valuation Standards Council |
| JV | Joint Venture |
| KAM | KisWire ArcelorMittal Ltd. |
| KisWire | KisWire Ltd. |
| KPI | Key Performance Indicators |
| KPMG | KPMG Corporate Finance, the corporate finance division of KPMG Luxembourg S.à r.l. |
| Liberté Building | Building located at 19, Avenue de la Liberté, Luxembourg-City |
| LTM | Last twelve months of available financial information |
| Management | ArclorMittal management or management of ArcelorMittal's related parties and subsidiaries |
| Management Business Plan | The business plan provided by ArcelorMittal's Management |
| Market participant | Buyers and sellers who have certain characteristics, such as being independent and knowledgeable about the asset or liability |
| Minority Shareholders | Collectively the shareholders who own 0.14% of the outstanding shares of AML |
| Minority Shares | Collectively 0.14% of the outstanding shares of AML owned by the Minority Shareholders |
| MRP | Market Risk Premium |
| n.a. | Not available |
| NAV | Net Asset Value |
| n.m.f. | Not meaningful figure |
| NOPLAT | Non-Operating Profit Less Adjusted Taxes |
| NPAT | Net Profit After Tax |
| p.a. | Per annum |
| PGR | Perpetual growth rate |
| P&L | Profit and Loss |

| | |
|---|---|
| Portfolio | Real estate portfolio owned by AML |
| R&D | Research and Development |
| Reference Index | MSCI World Index used as the reference index for beta computation |
| RM | Raw materials |
| ROA | Return on Assets |
| ROE | Return on Equity |
| RICS Red Book | RICS Valuation – Professional Standards |
| $ / USD | US Dollars |
| S&P Capital IQ | Standard & Poor's Capital IQ is an independent provider of multi-asset class and real time data, research and analytics. |
| Sell-Out | The right, as a minority shareholder, to sell-out its shares |
| SG&A | Selling, General and Administrative Expenses |
| Sotel | Sotel SC and Sotel Réseau & Cie |
| SOTP | Sum-of-the-parts |
| SP | Size Premium |
| SPA | A share purchase agreement (hereinafter “SPA”) between AML and Kiswire Ltd. |
| Squeeze-Out | The right under the Law, as the majority shareholder, to squeeze-out all of the Minority Shareholders |
| SRP | Specific Risk Premium |
| Subsidiaries | All the subsidiaries owned by ArcelorMittal Luxembourg S.A. |
| TE Beta Zweite | TE Beta Zweite GmbH & Co, KG |
| The Law | The Luxembourg law of July 21, 2012 on mandatory squeeze-out and sell-out of securities of companies currently admitted or previously admitted to trading on a regulated market or having been offered to the public |
| The peers | Comparable publicly listed companies |
| TV | Terminal Value |
| Twinerg | Twinerg S.A. |
| Valuation | Valuation of the Minority Shares of ArcelorMittal Luxembourg S.A. |
| Valuation Date | 30 June 2014 except for the listed entity Eregli Demir and the related Equity Linked Note for which we applied the 3 months average share price as at 4 September 2014 |
| Valuation Report | Valuation report drawn up by KPMG Corporate Finance |

| | |
|---|---|
| WACC | Weighted Average Cost of Capital |
| WC | Working Capital |
| y/y | Year-to-year |
| YTD | Year to Date |

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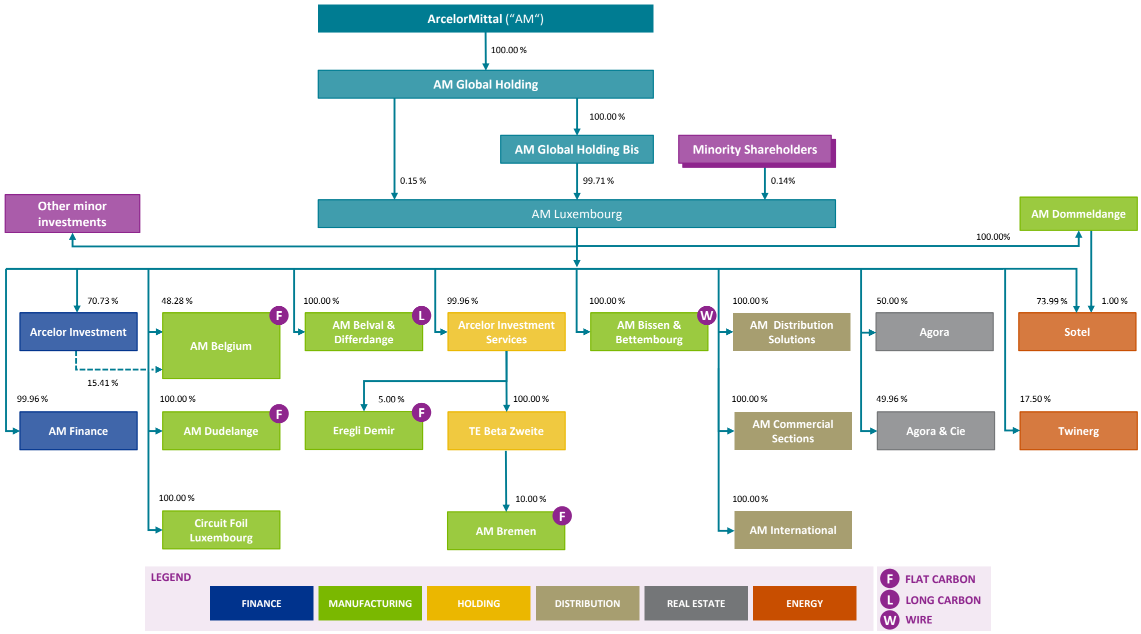
# 7. ArcelorMittal Luxembourg

## 7.1. Shareholding structure

**Figure 1: AM Luxembourg – Simplified shareholding structure**




*Source: Management*

## 7.2. Business Overview

Incorporated in 1882, ArcelorMittal Luxembourg S.A. (previously defined as "AM Luxembourg" or "AML") is majorly owned by ArcelorMittal S.A. (previously defined as "ArcelorMittal" or "AM") via its wholly owned subsidiary ArcelorMittal Global Holding S.à r.l (previously defined as "AM Global"). Accordingly, AM indirectly owns 99.86% of the outstanding shares of AML, with the remaining equity interest of AML being held by minority shareholders. AML was formerly known as ARBED, then as Arcelor Luxembourg before the merger between Arcelor S.A. and Mittal Steel Company N.V..

AML operates as a holding company and owns several operating and non-operating subsidiaries (hereinafter the "Subsidiaries" or the "Entities") across Europe. These subsidiaries mostly operate in the steel industry, especially in the flat and the long carbon segments in Luxembourg, Belgium and Germany, among other countries.

### 7.3. Equity investments

AML holds varying equity positions in the Subsidiaries, among which include: (i) financing entities; (ii) manufacturing entities; (iii) holding entities; (iv) distribution networks; (v) energy providers; and, (vi) real estate companies.

**Figure 2: AM Luxembourg – Main equity investments**

| Overview of the main subsidiaries of ArcelorMittal Luxembourg S.A. as at 30 June 201 | | |
|---|---|---|
| Entity | % Stake owned | Main business area |
| Arcelor Investment S.A. | 70.73% | Financing entity (A) |
| ArcelorMittal Finance S.C.A. | 99.96% | Financing entity (A) |
| ArcelorMittal Belgium S.A. | 48.28% | Manufacturing entity (B) |
| ArcelorMittal Belval & Differdange S.A. | 100.00% | Manufacturing entity (B) |
| ArcelorMittal Bissen & Bettembourg S.A. | 100.00% | Manufacturing entity (B) |
| ArcelorMittal Dudelange S.A. | 100.00% | Manufacturing entity (B) |
| ArcelorMittal Dommeldange S.a.r.l. | 100.00% | Manufacturing entity (B) |
| Circuit Foil Luxembourg S.a.r.l. | 100.00% | Manufacturing entity (B) |
| Arcelor Investment Services S.A. | 99.96% | Holding company (C) |
| ArcelorMittal Distribution Solutions S.A. | 100.00% | Distribution solutions (D) |
| ArcelorMittal International S.A. | 100.00% | Distribution solutions (D) |
| ArcelorMittal Commercial Section S.A. | 100.00% | Distribution solutions (D) |
| SOTEL Société Coopérative | 73.99% | Energy provider (E) |
| Twinerg S.A. | 17.50% | Energy provider (E) |
| AGORA S.a.r.l | 50.00% | Real estate entity (F) |
| AGORA S.a.r.l et Cie S.e.c.s. | 49.96% | Real estate entity (F) |

*Source: Management, KPMG Analysis*

(A) Financing entities:

Incorporated in January 1994, the purpose of Arcelor Investment S.A. is to provide financing to ArcelorMittal and its related parties (collectively the “ArcelorMittal Group”). Total assets of this entity are mainly comprised of a loan portfolio amounting to €12.1 billion (book value), which includes €6.2 billion of non-current loans. The entity also has a 15.41% stake in ArcelorMittal Belgium S.A., which is the main manufacturing subsidiary of AML.

ArcelorMittal Finance’s purpose is also to finance entities across the ArcelorMittal Group. It has direct access to capital markets and indirect access to funds from the ArcelorMittal Group. Currently, ArcelorMittal Finance S.C.A has issued two bonds on the capital markets, amounting to €460.5 million. The company’s total assets are mainly comprised of a €16.5 billion loan portfolio (book value). Total liabilities include €15.9 billion of debt (book value).

(B) Manufacturing entities:

AML owns six manufacturing entities operating in the flat and long carbon segments, the wire manufacturing segment, or other steel related market segments.

ArcelorMittal Belgium S.A. is the main manufacturing entity of AML. It produces flat steel products. Based on discussions with Management, it is one of the most technologically advanced and cost efficient steel entities of AML in Europe. It operates plants in Ghent, Liege, Geel and Genk.

ArcelorMittal Belval & Differdange S.A. is a mini-mill steel plant located in Luxembourg. It operates two plants: Belval and Differdange. The Belval facility is one of the world’s largest rolling mills of hot-rolled steel sheet piles. The Differdange facility is a major producer of long steel products.

ArcelorMittal Bissen & Bettembourg S.A. is a producer of steel wire and of a wide variety of wire-derived products. It is located in Luxembourg and operates two plants: (i) the Bissen facility, one of the main

European producers of wire products; and, (ii) the Bettembourg facility, specialized in the production of technical cords and hose wires.

ArcelorMittal Dudelange S.A. operates a flat carbon downstream manufacturing plant located in southern Luxembourg. It is part of the AM's Europe Division (hereinafter "Europe Division").

ArcelorMittal Dommeldange S.A. is a mechanical workshop dedicated to long carbon products. It is located in the northern area of Luxembourg City.

Circuit Foil Luxembourg S.A. designs and manufactures electrodeposited copper foils for the electronics industry. Its main markets are the automotive, photovoltaic, and technology, media & telecommunication sectors. It has a plant located in Wiltz, in the north of Luxembourg. Additionally, it operates three service centers located in Canada, China and Luxembourg, and three sales offices located in the United States, Hong Kong and Luxembourg.

(C) Holding entities:

Arcelor Investment Services S.A. (hereinafter "AIS") is a holding company, which has direct equity investments in two entities.

Specifically, AIS has a 5.07% stake in a Turkish publicly traded steel manufacturing company Eregli Demir Ve Celik Fab. T.A.S.. This company is the largest flat steel manufacturer in Turkey. It produces iron-rolled and steel-rolled products, alloyed and non-alloyed iron, steel and pig iron castings, cast and pressed products, coke and by-products.

Additionally, AIS owns a 100.0% equity interest in TE Beta Zweite GmbH & Co, KG, a holding entity. This entity has several equity investments including a 10% stake in ArcelorMittal Bremen GmbH, which is an integrated manufacturer of flat steel products. It is one of the main manufacturing plants of AM's Europe Division.

(D) Distribution solutions entities:

AML's distribution network is operated by three entities: ArcelorMittal Distribution Solutions S.A., ArcelorMittal International S.A. and ArcelorMittal Commercial Sections S.A..

ArcelorMittal Distribution Solutions S.A. is the in-house trading and distribution arm of AML. It also provides value-added and customized steel solutions.

The purpose of ArcelorMittal International S.A. is to sell the excess production of AML's manufacturing entities to export markets. It has a sales network that covers several countries internationally, especially in the Middle East.

ArcelorMittal Commercial Section S.A. offers distribution capabilities to AML's long carbon segment. It sells long carbon products to customers.

(E) Energy sector entities:

AML has direct equity investments in two energy providers: (i) Sotel SC; and, (ii) Twinerg S.A..

Sotel SC primarily delivers electricity to ArcelorMittal sites in Luxembourg (99.8% of total distributed electricity).

Twinerg S.A. owns and operates a 350 MW combined cycle gas power plant located in Esch-sur-Alzette.

(F) Real estate entities:

AML owns equity interests in two real estate subsidiaries: AGORA S.à r.l. and AGORA S.à r.l et Cie S.e.c.s.. The former operates as the General Partner of the latter, which is a real estate development company. The purpose of these two entities is to redevelop the Belval area from an integrated steel plant to an urban center.

(G) Other entities:

AML also has minor, direct equity investments in 18 small companies, as outlined below:

**Figure 3: AM Luxembourg – Other minor investments**

Overview of the other minor investments of ArcelorMittal Luxembourg S.A. as at 30 June 2014

| Entity | % Stake owned | Business description |
|---|---|---|
| ArcelorMittal Finanziaria S.r.l. | 50.00% | Financing entity w hich plays an intermediary role betw een entities in Italy and ArcelorMittal Finance S.C.A. |
| Luxexpo S.A. | 6.89% | The company is involved in the organization of events, corporate fairs, conferences and exhibitions. |
| Luxcontrol S.A. | 22.00% | Luxcontrol offers security and quality inspection services to the industrial markets. |
| Arc Air S.A. | 100.00% | Arc Air operates an airplane for ArcelorMittal use. |
| ArcelorMittal Greenfield S.A. | 100.00% | The company operates in the construction segment. Specifically, it is involved construction relating to the acquisition and renovation of industrial plants, infrastructures or any other properties. |
| Cofralux S.A. | 99.97% | Cofralux is dedicated to the specialised processing of plates for industry, especially for cutting and drilling. It is part of the Distribution solution segment. |
| Warehouses Agency WSA S.à.r.l. | 25.00% | The company operates in the management of w arehousing properties. |
| AM Holdings, Schifflange Facilities S.à.r.l. | 99.00% | It is a holding company. |
| Investar S.à.r.l. | 50.00% | The purpose of the company is to finance companies w ith activities related to the steel market in Luxembourg. |
| ArcelorMittal Brasil S.A. | 0.40% | ArcelorMittal Brasil produces flat and long steel products as w ell as w ire steel products in Latin America. |
| Groupimo S.c.r.l. | 0.01% | Groupimo is a Belgium company operating in the real estate market. |
| Palfroid S.A. | 99.99% | A manufacturer of cold formed sheet piles and curtains formw ork. |
| TELINDUS S.A. | 35.31% | Telindus is the ICT branch of the Belgacom group for Luxembourg. |
| Informabel Arlon S.A. | 0.01% | n.a. |
| Foire Internationale de Metz S.A. | 0.02% | Operator of the international fair exhibition in Metz, France. |
| Klöckner Distribution Industrielle S.A. | 1.61% | Wholesaler of metals and metal ores. |
| Société des Mines de BOUARFA S.A. | 0.01% | It operates mines in Bouarfa, Morocco. |
| Learning Factory | 14.20% | General teaching and training support activities. |

*Source: Management, KPMG Analysis*

## 7.4. Valuation methodologies

### 7.4.1. Introduction

As mentioned above, AML is a holding company whose main assets are its Subsidiaries which include (i) financing entities, (ii) manufacturing entities, (iii) other holding entities, (iv) distribution networks, (v) energy providers, and (vi) real estate companies. AML also owns interests in 18 other minor investments.

In order to perform a valuation of AML, we applied an adjusted net asset value approach.

Under the adjusted NAV approach, we considered the balance sheet of AML as at the Valuation Date and adjusted the net book value of AML's most significant assets (including the Subsidiaries) and liabilities to Fair Price in order to derive its NAV.

To compute the Fair Price of each of the Subsidiaries, we considered different approaches based on the specificities of the subsidiary, its size, its activity and the quantity and quality of information available.

### 7.4.2. Overview of valuation approaches

Our valuation of AML has been prepared according to the Article 4 of the Law, which states that the contemplated transaction in connection with the Proposal has to be performed on the basis of the Fair Price of the securities. The Law states that the Fair Price has to be derived “according to objective and adequate methods applying to asset disposals” (Article 4).

In the context of the contemplated transaction in connection with the Proposal, we understand the term “Fair Price” as the estimated amount for which assets or liabilities should exchange as at the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, where the parties had each acted knowledgeably, prudently and without compulsion.

Fair Price is commonly derived considering the following generally accepted valuation methodologies:

- Market approach: under a market approach, the Fair Price of an asset or business reflects the price at which comparable assets or businesses are purchased under similar circumstances. Use of a market approach requires that comparable transactions or comparable company trading multiples be available;
- Income approach: under an income approach, the Fair Price of an asset or business is based on the present value of the expected future cash flow attributable to the asset or business; and,
- NAV or cost approach: based on the principle of substitution, the cost approach determines the Fair Price of an asset as an estimate of the current cost to purchase or replace the asset. A prudent investor would not pay more for an asset than the amount necessary to replace it.

These methodologies are discussed in greater detail in the following section. Ultimately, the methodology adopted in valuing AML and the Subsidiaries is dependent on the nature of the underlying business and the availability of suitably robust information.

### 7.4.3. Description of valuation methodologies

#### 7.4.3.1. Income approach

The discounted cash flow (hereinafter “DCF”) approach is a form of income approach. Under a DCF approach, the after-tax free cash flows (hereinafter “FCF”) that a business is expected to generate are projected over a specific forecast period. The projected FCF, together with the terminal continuing value of the business at the end of the forecast period, are discounted at a rate commensurate with the risk of the business to the Valuation Date to give an overall value for the company.

The forecast period should be of such length as to enable the business to achieve a stabilized level of earnings, or to be indicative of an entire operational cycle for more cyclical industries.

The forecast FCF for the period 2014 to 2018 were provided by Management for the Subsidiaries, where available, and discounted back to the Valuation Date.

The Terminal Value (hereinafter “TV”) considers the potential future growth of the business beyond the explicit forecast period. A common approach to determining the TV of a business is the “constant growth model”. It applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period. The model assumes such growth can be achieved by the business or asset in perpetuity.

The discount rate at which the future cash flows are discounted should reflect not only the time value for money, but also the risk associated with the future operations of the business.

We have applied the DCF methodology on an Enterprise Value (hereinafter “EV”) basis. Under this method, cash flow is determined prior to interest expenses and related tax shields, and is discounted using a Weighted Average Cost of Capital (hereinafter “WACC”). The WACC reflects an optimal cost structure of the business and considers a weighted average of the business’ cost of debt and cost of equity, as measured on a market basis. Under this method, when the pre-interest cash flows are discounted using a WACC, the resulting conclusion represents the value of a company's working capital, tangible and intangible assets (referred to as EV). In order to translate the EV determined under the DCF approach to the value attributable to equity holders (referred to as "equity value"), the EV is adjusted to reflect net debt (i.e. third party interest-bearing debt, net of cash and cash equivalents) and any non-operating assets and liabilities (i.e. redundant net assets).

#### 7.4.3.2. Market approach

An earnings-based market approach is a form of the market approach, which estimates a sustainable level of future earnings for a business and applies an appropriate market-derived multiple to those earnings, capitalizing them into a value for the business.

In considering the maintainable earnings of the business being valued, a number of factors need to be taken into consideration. Among others, these include whether the historical performance of the business reflects the expected level of future operating performance, whether significant changes are expected to occur in the operating environment of the business on a go-forward basis, or the impact of cyclicality on the business.

In the context of this Engagement, we have considered the forecast earnings in 2014 and 2015 provided by Management when assessing maintainable earnings for the purposes of determining the Fair Price of certain Subsidiaries under a market approach.

The market-derived multiples applied using an earnings-based market approach valuation are generally based on data of comparable publicly listed companies and/or the multiples implied by recent transactions where the target company was comparable to the subject business. When identifying market multiples to apply to the earnings of the subject business, appropriate adjustments are made to reflect differences between the specific characteristics of the business being valued and the comparable company and/or target company identified. Such adjustments may consider differences in size, geographic location, growth prospects, overall risk Business Overview, etc.

##### 7.4.3.2.1. Selection of the earnings metric

An earning-based market approach can be applied to a number of different earnings or cash flow measures including, but not limited to, earnings before interest, taxes, depreciation and amortization (hereinafter "EBITDA"), earnings before interest and taxes (hereinafter "EBIT") and net profit after taxes (hereinafter "NPAT").

An Enterprise Value-to-EBITDA (hereinafter "EV/EBITDA") multiple is a commonly used multiple to measure the EV of a company. It is the most widely used valuation multiple based on EV and is often used in conjunction with, or as an alternative to, the price-to-earnings ratio to determine the Fair Price of a company.

The main advantage of the EV/EBITDA multiple is that it is capital structure neutral and can be used to directly compare companies with different levels of debt. However, EV/EBITDA multiples should be used prudently for companies with low profit margins.

Taking into consideration the above, we have considered forecast EV/EBITDA multiples of comparable publicly traded companies as a cross-check for our valuation conclusions of certain Subsidiaries under the DCF approach. Forecast earnings for comparable publicly traded companies were obtained from S&P Capital IQ (hereinafter "Capital IQ").

##### 7.4.3.2.2. Control premium considerations

Usually the multiples applied in a market approach are calculated based on data from quoted companies and/or recent transactions in a comparable sector. The multiples derived from comparable publicly traded companies are generally based on the share price of individually traded shares. As such, the share price may inherently reflect a minority discount. The share price may also be impacted by the level of liquidity implied by the trading volumes of the particular stock.

Accordingly, when valuing a business “en bloc” (i.e. 100%), it is appropriate to also consider the multiples implied by recent transactions where an acquirer has purchased a controlling position of a target company. In such instances, the transaction multiples may inherently reflect a control premium paid for the shares of the business.

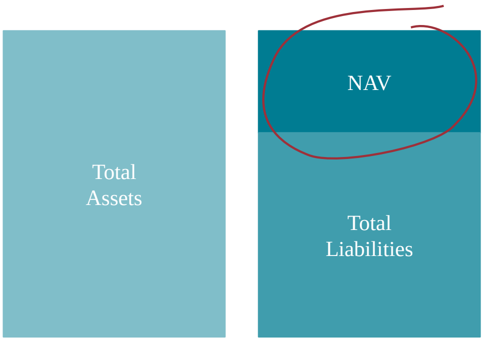
#### 7.4.3.3. Net asset value approach

Under adjusted NAV or cost based approach, the total value of a business is based on the sum of the net underlying assets and liabilities of the business. If appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet is also made.

Specifically, the adjusted NAV of a business is determined by marking every asset and liability on (and off) the company’s balance sheet to current Fair Prices.

A NAV methodology is most appropriate for businesses where the value lies in the underlying assets and not ongoing operations of the business (e.g. real estate holding companies). The NAV represents the equity value of a business.

**Figure 4: AM Luxembourg – Illustrated NAV approach**




*Source: KPMG Analysis*

### 7.4.4. Selected approaches

The Fair Price of AML has been determined using an adjusted NAV approach. Accordingly, the Fair Price of AML is the Fair Price of its equity interest in each of the Subsidiaries, plus the Fair Price of its other assets, less the Fair Price of its debt.

Because of the specific circumstances of each of the Subsidiaries, a separate valuation for each AML investment was performed. Different valuation approaches were selected for each subsidiary according to its typology.

(A) Financing entities:

Concerning AML's financing entities, which mainly hold loans on their balance sheets, the valuation technique applied considered factors that market participants would use to set a price of a financial instrument. This approach is consistent with economic methodologies used for pricing financial instruments and the valuation assumptions employed were based on available market information.

In the absence of active markets and quoted prices for loans, we deemed the market approach inapplicable. As such, the income approach was considered to be the sole approach to estimate the loans' Fair Prices. The valuation approach consists primarily in modelling interest and principal repayments for each loan. Thereafter, the expected cash flows were discounted at an appropriate discount factor considering the timing of the risk of cash flows.

Regarding Arcelor Investment S.A., which is a financing entity, the Fair Price of the equity interest held in ArcelorMittal Belgium S.A. was also considered when deriving the adjusted NAV of Arcelor Investment S.A..

(B) Manufacturing entities:

AML's manufacturing entities have been valued considering a market approach and/or an income approach, with the exception of Circuit Foil Luxembourg S.à r.l and ArcelorMittal Dommeldange S.à r.l..

The market approach is widely used in the valuation of industrial businesses, especially for companies with long operating histories and consistent earnings trends. We identified a number of comparable publicly traded companies with similar services, products and geographic segmentation to AML's manufacturing entities.

The DCF approach is also often used in the valuation of established industrial businesses. For all entities for which we received a Management Business Plan we conducted a DCF analysis. Long term forecast FCF were obtained from the Management Business Plan and discounted to present value at an appropriate discount rate which considered the timing and risk of these cash flows.

For ArcelorMittal Belgium S.A., ArcelorMittal Belval & Differdange S.A. and ArcelorMittal Bissen & Bettembourg S.A., which also own equity investments in several other entities, an adjusted NAV approach was performed.

On 10 July 2014, AML signed an agreement to sell Circuit Foil Luxembourg and certain subsidiaries. The agreed cash consideration amounts to $50 million. Prior to the closing of the sale, AML will subscribe a capital increase of €42 million to enable the company to repay the outstanding debt to subsidiaries. This transaction implies accordingly a €0 equity value for Circuit Foil.

Regarding ArcelorMittal Dommeldange, a NAV approach was considered since it is both non-profitable and of a limited size. ArcelorMittal Domeldange also owns a 1% stake in Sotel SC (the selected valuation methodology is described in paragraph (E)).

(C) Holding entities:

AIS has been valued based on an adjusted NAV approach, which considers the Fair Price of AIS' underlying equity investments.

AIS' 5.07% equity interest in the public manufacturing company, Eregli Demir ve Celik Fabrikalari T.A.S, was valued using its average share price over the 3 months period ending on 4 September 2014.

AIS' 100.0% equity interest in TE Beta Zweite GmbH & Co, KG was valued based on the NAV of its underlying equity investments.

The main equity investment held by TE Beta Zweite GmbH & Co, KG is a 10.0% interest in ArcelorMittal Bremen, which has been valued using a market and an income approach. This valuation was based on the principles described under paragraph (B). The other minor equity investments held by TE Beta

Zweite GmbH & Co, KG have been valued based on a cost approach in consideration of the very small size of the investments.

In order to derive the Fair Price of Arcelor Investment Services S.A., an adjusted NAV approach, which considered the underlying Fair Price of its equity investments, was performed.

(D) Sales and distribution entities:

The sales and distribution entities of AML include the following: ArcelorMittal Distribution Solutions S.A., ArcelorMittal Commercial Sections S.A. and ArcelorMittal International S.A. (hereinafter "AM International" or "AMI"). AML has a 100.0% stake in each of these subsidiaries.

Given that ArcelorMittal Distribution Solution S.A.'s subsidiaries are fairly small and some are not profitable and/or under reorganization, we deemed the NAV approach to be the most appropriate valuation approach in the circumstance.

AM International has been valued through the use of a NAV approach given its specific commercial activities. AM International also owns a 0.24% stake in Arcelor Investment S.A., which was valued according to the methodology described in paragraph (A).

Regarding ArcelorMittal Commercial Section S.A., a capitalized cash flow valuation approach was performed to determine the Fair Price of the business. This approach determines a stabilized level of earnings for the company, and capitalizes these earnings at a rate (i.e. the "capitalization rate") which reflects the risk and long-term growth prospects of the business, in order to arrive at an EV of the business.

(E) Energy sector entities:

Sotel SC was valued using a NAV approach. We understand from Management that (i) Sotel SC is fully dependent on ArcelorMittal's manufacturing activities in Luxembourg; (ii) the portfolio of customers may not be extended or diversified; and, (iii) the business model does not envisage profit at Sotel SC's level, since its objective is to provide the lowest possible electricity distribution service to ArcelorMittal's companies in Luxembourg.

Twinerg S.A. owns and operates a 350 MW combined cycle gas power plant located in Esch-sur-Alzette. Twinerg's shareholders decided to mothball the plant commencing October 2014. Based on this, a NAV approach was performed to value the 17.5% stake AML owns in Twinerg S.A..

(F) Real estate entities:

AML owns equity interests in two real estate subsidiaries: AGORA S.à r.l. and AGORA S.à r.l. et Cie S.e.c.s. (collectively "AGORA").

AGORA S.à r.l. operates as the General Partner of AGORA S.à r.l. et Cie S.e.c.s. and is mostly a cost center. An adjusted NAV of AGORA was calculated based on the Fair Price of the real estate assets held by AGORA S.à r.l. et Cie S.e.c.s., which was determined using an income approach.

(G) Other minor entities:

AML also owns direct equity investments in 18 small subsidiaries. A cost approach was performed in order to value these equity investments as they are either non-profitable, non-tradable, asset rich and/or of a limited size to employ other valuation methodologies.

(H) Other matters

Taking into consideration the above, we determined the adjusted NAV of AML based on the Fair Price of its underlying investments in the Subsidiaries, plus the NAV of its other minor equity investments, plus the Fair Price of its other assets, less the Fair Price of its liabilities.

AML's assets also include several real estate assets. Thus, to obtain the adjusted NAV of AML, a valuation of the real estate assets held by AML was performed. This valuation was performed based on the real estate market value principles (refer *to section 23 Appendix 16 – ArcelorMittal Luxembourg Real Estate).* We observe a difference between the market value and the book value (under IFRS). This difference is explained by the fact that KPMG Corporate Finance derived the Market Value of the real estate assets following the RICS standards while we understand from Management that AM and all Subsidiaries are subject to an impairment process using the concept of value in use under IFRS. According to IFRS, the value in use reflects the reporting entity's cash flow estimates based on its expected use of the asset, including the effects of factors that may be specific to the entity and not applicable to other entities in general.

AML's liabilities include a provision for pensions (employee benefits). A valuation of this liability was performed by ArcelorMittal's independent actuaries for IFRS financial reporting purposes. We understand from Management that the amounts reflected on AML's balance sheet as at the Valuation Date adhere to IFRS fair value principles. For the purpose of the Valuation, we are of the view that the IFRS fair value principles are generally consistent with our definition of Fair Price.

Thus, in concluding on the Fair Price of the Minority Shares in AML, we have considered the Fair Price of AML's real estate assets and the pension provision as at the Valuation Date.

## 7.5. Valuation

### 7.5.1. Valuation of AML's main equity investments

Please refer to the table below for our concluded Fair Prices of AML's main investments. Detailed calculations of these investments can be found in the Appendices to this Valuation Report.

**Figure 5: AM Luxembourg – Fair prices of main equity investments**

| Overview of the main subsidiaries of ArcelorMittal Luxembourg S.A. as at 30 June 2014 | | |
|---|---|---|
| **Entity** | **% Stake owned** | **Value attributable to ArcelorMittal Luxembourg in EUR million** |
| Arcelor Investment S.A. | 70.73% | 6 633.2 |
| ArcelorMittal Finance S.C.A. | 99.96% | 351.7 |
| ArcelorMittal Belgium S.A. | 48.28% | 850.0 |
| ArcelorMittal Belval & Differdange S.A. | 100.00% | 640.0 |
| ArcelorMittal Bissen & Bettembourg S.A. | 100.00% | 19.6 |
| ArcelorMittal Dudelange S.A. | 100.00% | 63.7 |
| ArcelorMittal Dommeldange S.a.r.l. | 100.00% | 11.5 |
| Circuit Foil Luxembourg S.a.r.l. | 100.00% | 0.0 |
| Arcelor Investment Services S.A. | 99.96% | -114.0 |
| ArcelorMittal Distribution Solutions S.A. | 100.00% | -31.4 |
| ArcelorMittal International S.A. | 100.00% | 131.7 |
| ArcelorMittal Commercial Section S.A. | 100.00% | 45.2 |
| SOTEL Société Coopérative | 73.99% | 21.5 |
| Twinerg S.A. | 17.50% | 0.0 |
| AGORA S.a.r.l | 50.00% | 22.5 |
| AGORA S.a.r.l et Cie S.e.c.s. | 49.96% | |
| **Total** | | **8 645.2** |

*Source: KPMG Analysis*

### 7.5.2. NAV of AML's other minor equity investments

Please refer to the table below for our concluded Fair Prices of AML's minor investments.

**Figure 6: AM Luxembourg – NAV of other minor equity investments**

| Overview of the other minor investments of ArcelorMittal Luxembourg S.A. as at 30 June 2014 | | |
|---|---|---|
| Entity | % Stake owned | Value attributable to ArcelorMittal Luxembourg in EUR million |
| ArcelorMittal Finanziaria S.r.l. | 50.00% | 0.2 |
| Luxexpo S.A. | 6.89% | 1.0 |
| Luxcontrol S.A. | 22.00% | 1.3 |
| Arc Air S.A. | 100.00% | 1.3 |
| ArcelorMittal Greenfield S.A. | 100.00% | 1.3 |
| Cofralux S.A. | 99.97% | 1.3 |
| Warehouses Agency WSA S.à.r.l. | 25.00% | 0.3 |
| AM Holdings, Schifflange Facilities S.à.r.l. | 99.00% | 0.6 |
| Investar S.à.r.l. | 50.00% | 0.2 |
| ArcelorMittal Brasil S.A. | 0.40% | 11.3 |
| Groupimo | 0.01% | n.a. |
| Palfroid S.A. | 99.99% | 1.7 |
| TELINDUS S.A. | 35.31% | 0.0 |
| Informabel Arlon S.A. | 0.01% | 0.0 |
| Foire Internationale de Metz S.A. | 0.02% | 0.0 |
| Klöckner Distribution Industrielle S.A. | 1.61% | n.a. |
| Société des Mines de BOUARFA S.A. | 0.01% | 0.0 |
| Learning Factory | 14.20% | 0.0 |
| **Total** | | **20.5** |

*Source: KPMG Analysis*

ArcelorMittal Finanziaria S.r.l. provides financing facilities to Italian companies of the ArcelorMittal Group. The loans of ArcelorMittal Finanziaria S.r.l. are provided by ArcelorMittal Finance S.C.A. In assessing the Fair Price of this entity, a NAV approach was performed because: (i) the entity is very small (equity book value of €0.3 million on a 100.0% basis); and, (ii) AML's equity stake (50.0%) is not significant.

The total Fair Price of AML's interests in the other minor direct Entities is equal to €20.5 million.

### 7.5.3. Valuation conclusion

**Figure 7: AM Luxembourg – Final NAV**

| Net Asset Value analysis - ArcelorMittal Luxembourg S.A. | | | | | |
|---|---|---|---|---|---|
| **EUR million** | **Unconsolidated IFRS - 06/2014 A** | **Lux GAAP 06/2014 A** | **Fair Price** | **Diff. Fair Price / IFRS (%)** | **Diff. Fair Price / Lux GAAP (%)** |
| **Assets** | | | | | |
| Intangible assets | 1.1 | 1.1 | 1.1 | 0% | 0% |
| Property, plant and equipment | 261.7 | 54.1 | 186.1 | -29% | 244% |
| Investments[1] | 6 980.3 | 6 980.3 | 8 665.7 | 24% | 24% |
| Non-current receivables | 47.1 | 47.1 | 47.1 | 0% | 0% |
| Deferred tax assets | 27.2 | - | 27.2 | 0% | n.a. |
| Total non-current assets | 7 317.4 | 7 082.6 | 8 927.2 | 22% | 26% |
| Current receivables | 496.2 | 498.6 | 496.2 | 0% | 0% |
| Cash and cash equivalents | 6.1 | 6.1 | 6.1 | 0% | 0% |
| Total current assets | 502.3 | 504.7 | 502.3 | 0% | 0% |
| **Total assets** | **7 819.7** | **7 587.3** | **9 429.5** | 21% | 24% |
| **Liabilities** | | | | | |
| Employee benefits | 64.5 | 22.5 | 64.5 | 0% | 187% |
| Provisions for liabilities and charges | 43.3 | 122.8 | 43.3 | 0% | -65% |
| Payables | 30.2 | 30.2 | 30.2 | 0% | 0% |
| Total non-current liabilities | 138.0 | 175.5 | 138.0 | 0% | -21% |
| Current payables | 250.7 | 253.2 | 250.7 | 0% | -1% |
| Total current liabilities | 250.7 | 253.2 | 250.7 | 0% | -1% |
| **Total liabilities** | **388.7** | **428.7** | **388.7** | 0% | -9% |
| **Net Asset Value** | **7 431.0** | **7 158.6** | **9 040.8** | 22% | 26% |

*Source: Management; KPMG Analysis*

*Note: (1) Some of the equity investments are kept at historic cost in the Unconsolidated IFRS and Lux GAAP financial statements provided by Management*

Based on the above table, we concluded on an unadjusted equity value for a 100.0% equity interest in AML of €9,040,820,807.73. We adjusted our concluded Equity Value down by €17.613 million: (i) €5.400 million related to the sale of Circuit Foil (see *section 13 Appendix 6 – Circuit Foil)*; and, (ii) €12.213 million related to the pension litigation claims. As a result, AML's Equity Value is €9,023,207,807.73.

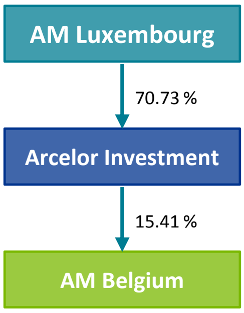
Since AML has 11,625,858 shares outstanding as at the Valuation Date, our concluded AML's Fair Price per share is €776.13 in the context of a Squeeze-Out.

Considering a number of 16,420 outstanding minority shares as at the Valuation Date, the implied squeeze-out transaction value is equal to €12,744,054.60.

# 8. Appendix 1 – Arcelor Investment & AM Finance

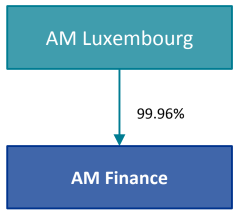
## 8.1. Shareholding structures

**Figure 8: Arcelor Investment – Simplified shareholding structure**




*Source: Management*

**Figure 9: AM Finance – Simplified shareholding structure**




*Source: Management*

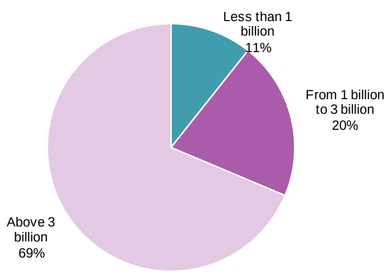
## 8.2. Business overview

Arcelor Investment S.A. (hereinafter "AI" or "Arcelor Investment") (formerly known as ARBED Investments S.A.) was incorporated in January 1994. The purpose of AI is to finance the ArcelorMittal Group.

ArcelorMittal Finance S.C.A.'s (hereinafter "AM Finance") purpose is to finance the ArcelorMittal Group. AM Finance is a critical entity for intra-group financing.

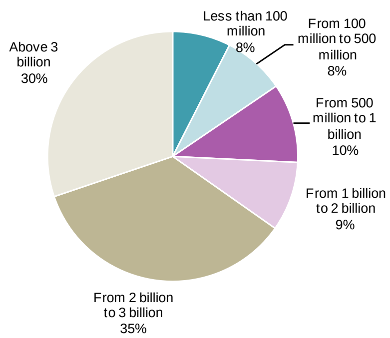
## 8.3. Overview of the loan portfolio

**Figure 10: Arcelor Investment – Loan portfolio – Notional distribution**



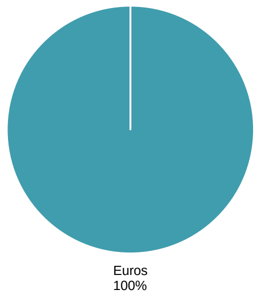

*Source: Management*

**Figure 11: AM Finance – Loan portfolio – Notional distribution**



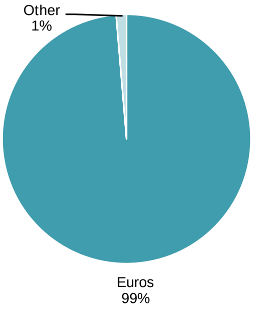

*Source: Management*

**Figure 12: Arcelor Investment – Loan portfolio – Currency exposure**



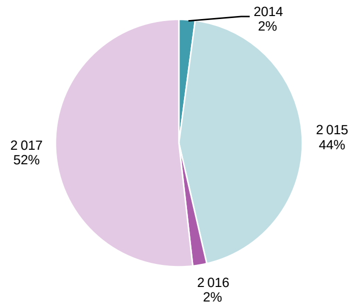

*Source: Management*

**Figure 13: AM Finance – Loan portfolio – Currency exposure**



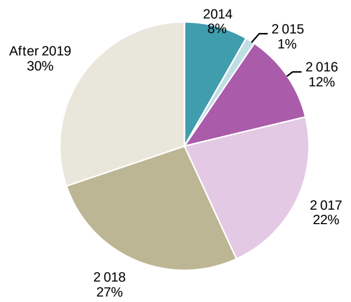

*Source: Management*

**Figure 14: Arcelor Investment – Loan portfolio – Maturity date distribution**




*Source: Management*

**Figure 15: AM Finance – Loan portfolio – Maturity date distribution**




*Source: Management*

### 8.4. Overview of the Arcelor Investment and AM Finance's liabilities portfolios

Arcelor Investment's liabilities are primarily composed of one intra-group loan plus a cash pooling account.

AM Finance's liabilities are primarily composed of intra-group loans. AM Finance has two outstanding bonds which were issued in 2004.

### 8.5. Valuation

We deemed the market approach not to be applicable in determining the Fair Price of the loan portfolios as: (i) there is no active market; and, (ii) there is no available market quoted prices for the subject loans. Therefore, the income approach was considered to be the most appropriate approach to estimate the loans' Fair Prices.

Given that Arcelor Investment and AM Finance mainly hold loans on their balance sheets, the valuation technique applied considers the factors that market participants would use to set a price for these assets. This approach is consistent with economic methodologies for pricing financial instruments. The valuation assumptions are based on information available on financial markets.

The income approach involves modelling and forecasting the expected interest and principal repayments for each loan. These expected cash flows are discounted to present value to consider the timing and risk-level of the cash flows.

#### 8.5.1. Estimating interest payments

We reviewed the loan agreements and identified two types of loans: (i) fixed interest rate and (ii) floating interest rate.

For fixed rate loans, the applicable interest rate was specified in the loan agreement. For floating rate loans, the applicable interest rate was determined as the sum of the margin (specified in the loan agreement) and the reference rate (e.g. Euribor, Libor, etc.). To estimate the reference rate for future periods, we used forward rates derived from the appropriate yield curve (i.e. the relevant currency stipulated in the loan agreement).

#### 8.5.2. Principal repayment schedule

The repayment schedules were provided in the loan agreements of each loan and were used to determine the outstanding loan balance for each interest period, which in turn formed the basis for forecasting the periodic interest payments of each loan.

Based on the loan documentation provided by Management, we identified the following two types of repayment schedules:

- Bullet loans, where the loan principal is fully repaid at the maturity date in a single payment; and,
- Amortizing loans, where the loan principal is periodically repaid throughout the life of the loan and the outstanding principal at each date is defined in the loan agreement.

#### 8.5.3. Estimating the discount rate

The discount rate takes into account the following elements: (i) the time value of the cash flows; (ii) the risk or uncertainty of the anticipated future cash flows; and (iii) an illiquidity premium, if appropriate. We discuss each of these elements below:

(i) To consider the time value of the cash flows, Bloomberg yield curves (e.g. swap curves) were used to estimate zero coupon rates. Zero rates are applied to discount the cash flows and reflect the interest an investor would expect to receive on their cash flow for the period that their money was invested. The zero rates reflect only the time value of money, and do not consider any risk or uncertainty of investing the cash flow.

(ii) To account for the uncertainty of the anticipated future cash flows, we have considered ArcelorMittal's credit risk. To assess the credit risk of the Group, we considered ArcelorMittal's publicly traded corporate bonds.

We considered two different approaches in assessing credit risk: (i) extracting the credit risk from bonds issued by ArcelorMittal; and, (ii) considering the Credit Default Swaps (hereinafter "CDS") priced by the market. The second approach was disregarded as we would underestimate an important component in the discount rate, the illiquidity that is embedded in the bond market. Note that, as a general rule, the credit derivative market tends to be highly liquid.

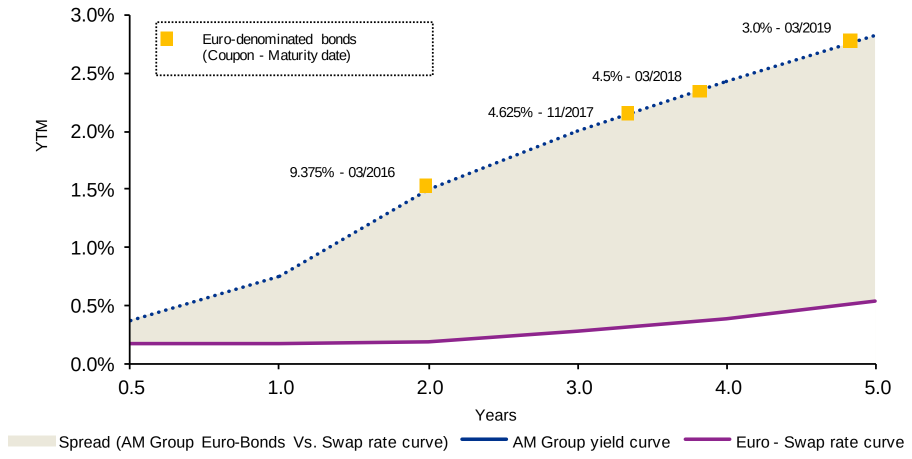
We have derived the credit risk of the loans based on the yields of ArcelorMittal's publicly traded corporate bonds, which accounts for both factors (i.e. credit risk and the bond's illiquidity premium). Below we explain our approach:

a. We considered ArcelorMittal's corporate bonds that are currently traded in the market;

b. From the pool of bonds and since AI and AM Finance's loan portfolios are primarily denominated in Euro, we have selected the Group's Euro denominated bonds;

c. From the selected bonds, we have derived ArcelorMittal's yield curve via interpolation and derived the credit risk spread for each period by reference to the Euro-swap curve from Bloomberg.

**Figure 16: Arcelor Investment and AM Finance – Credit spread analysis**




*Source: Management*

(iii) In relation to the illiquidity premium, we understand that ArcelorMittal's corporate bonds benefit from higher liquidity than the intra-group loans in Arcelor Investment and AM Finance's portfolios. In the event of a sale of an intra-group loan to an unrelated third party, the potential buyer of this loan would require a premium to account for the risk of illiquidity. For this reason, we have considered a 1.0% premium in the credit spread curve.

### 8.5.4. Valuation conclusion

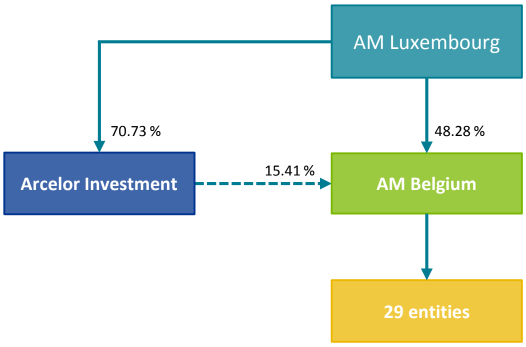
Our concluded Fair Price for AML's 70.73% equity interest in Arcelor Investment is €6,633.2 million as at the Valuation Date.

Our concluded Fair Price for AML's 99.96% equity interest in AM Finance is €351.7 million as at the Valuation Date.

# 9. Appendix 2 – ArcelorMittal Belgium

## 9.1. Shareholding structure

**Figure 17: AM Belgium – Simplified shareholding structure**




*Source: Management*

## 9.2. Business overview

ArcelorMittal Belgium (hereinafter "AM Belgium") is a manufacturer of flat steel products. Based on discussions with Management, it is one of the most technologically advanced and cost efficient ArcelorMittal's facilities in Europe. AM Belgium manufactures hot-rolled and cold-rolled coils, coated products, tinplates, plates and slabs. Most of its products are sold to the European automotive and industrial markets.

AM Belgium operates four plants:

- The Ghent facility, which is a fully integrated plant;
- The Liege facility, which solely has finishing production lines. This facility previously operated as a fully integrated plant. However, its upstream facilities were closed recently as a result of restructuring initiatives; and,
- The Geel and Genk facilities, which are finishing plants. These facilities are small compared to the Ghent and Liege sites.

## 9.3. Production sites

### 9.3.1. Ghent plant

The Ghent facility is a fully integrated steel plant. It was established in 1959 by a consortium led by the former ARBED, other steel manufacturers and financial groups.

Based on discussions with Management, the facility is a state-of-the-art plant. We understand that the Ghent plant has historically successfully innovated with blends of raw materials in order to achieve higher yields and better performance parameters of blast furnaces.

During the recently implemented restructuring plan at ArcelorMittal's flat carbon plants in Europe, the site was selected to be one of the five coastal sites which will continue to operate as an upstream facility.

### 9.3.2. Liege plant

The Liege plant was originally developed as a fully integrated production facility. The Liege plant was subject to a restructuring in 2011 which led to a shutdown of the upstream operations. The upstream production was moved to other plants, including Ghent. Currently, the Liege site operates six finishing lines with approximately 800 employees.

#### 9.3.3. Geel and Genk plants

The Geel and Genk facilities each have one finishing line, one organic coating line and one electrolytic galvanizing line. The sites manufacture painted cold-rolled, galvanized or stainless steel coils, as well as cold rolled sheet coated with a protective zinc layer.

### 9.4. Products

AM Belgium manufactures high value-added flat products for the automotive and industrial sectors.

A significant part of the production is coated, either by hot dip galvanizing, electrolytic galvanizing or organic coating.

### 9.5. Customers

The relationship between AM Belgium and its customers in the automotive industry is strengthened by a common effort to develop new products. Car manufacturers are required to comply with stringent CO2 emission norms recently introduced by the EU. As part of a leading steel company, AM Belgium is a leader in responding to these new demanding regulations by offering lightweight steel solutions. AM Belgium's application of Advanced High Strength Steel and Laser Welded Blanks techniques resulted in a weight reduction of 20% as compared to traditional steel products. Many of AM Belgium's solutions, such as the Usibor technology (hot stamping of coated boron steels) and the Laser Welded Blanks technology, are protected by patents.

### 9.6. Management Business Plan

Management assumes the increase in AM Belgium's EBITDA during the Forecast Period will mainly result from improvements in spread and shipments growth, as well as cost savings from internal restructuring programs.

In order to assess the reasonability of the Management Business Plan, we benchmarked the assumptions underlying the Management Business Plan with independent sources, market studies of peer companies, and broker reports.

We compared AM Belgium's forecast profitability margins against the forecast performance of ThyssenKrupp Steel Europe and Voestalpine Steel Division. Both are flat steel divisions of the ThyssenKrupp Group and the Voestalpine Group, respectively. Based on discussions with Management, these are deemed the closest competitors to AM Belgium, as they manufacture high value-added products for the European automotive industry.

The analysts assume that the profitability of the main flat carbon producers in Europe will improve in the coming years. This is in line with the margin trend forecast in the Management Business Plan.

### 9.7. Valuation

We conducted a market approach in order to value AML's 48.28% equity interest in AM Belgium. We identified a number of comparable publicly traded companies with similar services, products and geographic segmentation to AM Belgium

A DCF valuation analysis was also applied for AM Belgium based on its Management Business Plan. Long-term forecast FCF were obtained from the Management Business Plan and discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows.

**Figure 18: AM Belgium – Summary of valuation assumptions**

| AM Belgium - Summary table | |
|---|---|
| **Key parameters** | |
| AML's equity stake in AM Belgium (%) | 48.28% |
| Valuation methodologies | DCF, Market |
| Income approach parameters: | |
| *WACC (%)* | *12.9%* |
| *Terminal growth rate (%)* | *2.0%* |
| *Implied multiples* | |
| *EV / EBITDA 2014* | *16.5x* |
| *EV / EBITDA 2015* | *6.9x* |
| *EV / EBITDA (TV)* | *5.0x* |
| Market approach parameters: | |
| *Selected peer group* | *Flat carbon* |
| *Median EV / EBITDA 2014 multiple* | *7.3x* |
| Concluded equity value for AML's 48.28% equity interest (in EUR million) | 850.0 |

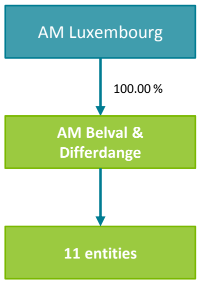
*Source: Management Business Plan, KPMG Analysis*

Our concluded Fair Price for AML's 48.28% equity interest in AM Belgium is €850.0 million as at the Valuation Date.

# 10. Appendix 3 – ArcelorMittal Belval & Differdange

## 10.1. Shareholding structure

**Figure 19: AM B&D – Simplified shareholding structure**




*Source: Management*

## 10.2. Business overview

ArcelorMittal Belval & Differdange S.A. (hereinafter "AM B&D") is a mini-mill steel plant located in Luxembourg. AM B&D is a wholly owned subsidiary of AML. Its production is mostly used in the construction sector.

AM B&D operates two plants:

- The Belval facility, which is one of the world's largest rolling mills of hot-rolled steel sheet piles. It played a major role in the development of ArcelorMittal's piling technology; and,
- The Differdange facility, a major producer of long steel products. The facility is recognized internationally for its heavy sections (called "Jumbo" sections) and high performance steel grades used in the construction sector.

AM B&D is part of the AM Europe Long products division.

One of the main subsidiaries of AM B&D is ArcelorMittal Rodange & Schifflange S.A. (hereinafter "AM R&S"). AM R&S was established in 1872 and produces steel. Its output includes long steel products mostly used in the construction and infrastructure sectors, such as reinforcement bars, crane rails and special sections. We understand that the operations at the Schifflange facilities have been suspended for an indefinite period since October 2012. Based on the NAV approach, we derived a negative €25.9 million value for AM B&D's 78.6% equity stake in AM R&S as at 30 June 2014.

## 10.3. Production sites

AM B&D operates two facilities, one each in Belval and Differdange. In 2013, AM B&D's production capacity was estimated at approximately 2.3 million tonnes.

According to Management, the ArcelorMittal Belval facility (hereinafter "AM Belval") has been playing a leading role for over 100 years in the development of the piling technology, which consists of shaping long products. AM Belval is currently one of the world's largest rolling mills of hot-rolled steel sheet piles.

AM Belval consists of an Electric Arc Furnace (hereinafter "EAF") and a Continuous Caster (hereinafter "CC") steel shop. The steel plant has an overall capacity of 1,000,000 tonnes of crude steel (beam blanks) per year. The plant has two mills:

- A TMB rolling mill, which produces heavy angles, and light and medium sections; and,
- A specialized mill, which exclusively produces sheet piles.

The AM Belval plant covers an area of approximately 11,000 sqm.
We understand that the mills will require significant Capex to maintain their competitiveness.

Similarly to AM Belval, the ArcelorMittal Differdange facility (hereinafter “AM Differdange”) consists of an EAF and a CC steel shop. The plant’s strategic positioning lies in high value-added products. Overall, the steel plant has a crude steel (beam blanks) capacity of 1,300,000 tonnes per year. Its Grey rolling mill (the “Grey Mill”) produces HZ sheet piles (H and TT shaped), eurostructures, and light, medium and heavy sections.

The plant’s original strategy was to focus on the production of heavy sections. We understand from Management that following the crisis in 2008, the construction sector plummeted and sales were below expectations. Accordingly, the strategy was adapted to diversify the plant’s production towards, among other products, light and medium sections.

The Grey Mill at AM Differdange holds several world records, including that for the first beam measuring one meter high (in 1911), the beam with the heaviest metric weight (1,370 kg/m) and the largest beam (1,100 x 400 mm). AM Differdange’s Grey Mill beams were used in the construction of some of the world’s most prestigious buildings, such as the Freedom Tower in New York and the World Financial Centre in Shanghai.

AM Differdange is renowned internationally for its Quenching and Self Tempering process. With this process, AM Differdange has the capability to produce high quality beams combining high yield strength with excellent toughness and welding properties.

AM Differdange’s plant covers an area of approximately 12,000 sqm.

## 10.4. Products and markets

The two main products of AM B&D are sheet piles and beams, as described below:

- Sheet piles are mostly used in the construction sector for quay walls, breakwaters in harbours, locks, underground car parks, and for bank reinforcement on rivers and canals. Additional uses include temporary cofferdams in land and in water, permanent bridge abutments, retaining walls for underpasses, impervious containment walls, etc.
- Beams (e.g. Jumbo sections) are primarily used in the construction and infrastructure sector (for example, in multi-floor buildings or drilling platforms).

The production output of AM B&D is sold primarily in the construction and infrastructure markets through its own specialized sales network, including ArcelorMittal Commercial Sections S.A. and ArcelorMittal Commercial RPS S.à r.l., which are 100.0% owned by AM B&D.

Export sales are conducted through ArcelorMittal International S.A..

## 10.5. Management Business Plan

### 10.5.1. Strategic outlook 2014-19

According to Management, the main strategic objectives targeted for the period 2014-19 are: (i) to increase customer satisfaction; (ii) to strengthen employee safety; and, (iii) to ensure long-term sustainability of the sites.

### 10.5.2. Forecast

The production process can be summarized as follows: scrap steel is purchased on the market and processed at the level of each plant’s melt shop. It goes through an EAF and is casted into beam blanks through a CC. Thereafter, beam blanks are processed through rolling mills (TMB and Mill2 for AM

Belval; Grey Mill for AM Differdange) before the product is completed on the plant's finishing lines. Final products are sold through ArcelorMittal's sales networks.

Management explained that the selling price is forecast based on the scrap steel price forecast. AM B&D operates a spread business, which means that any price increase in raw materials will mostly be passed on to clients. Similarly, any decrease will also be passed on to clients.

To better understand the Management Business Plan, we applied a bottom-up approach starting at the level of the production output and going upstream towards raw materials.

We first analyzed the anticipated sales of finished products and their cost structure. We then considered the upstream cost structure from the rolling mills production level. Finally, we analyzed the cost structure at the melt shops for crude steel production level.

#### 10.5.3. Management Business Plan (AM Belval)

Management is of the view that the expected shipments growth at AM Belval is reasonable as the facility has the capacity to increase its production and is also confident that the production will be sold. AM Belval's sales are mostly dependent on the construction sector and we understand that the main assumptions underlying the shipments forecasts are based on the growth forecasts for this sector.

We understand that improvements are expected to be achieved which will decrease both variable and fixed costs. The former will be achieved through an increase in yield, primarily through a decrease in raw materials costs per tonne and a reduction in electricity consumption. Fixed costs will mechanically decrease with the increase in shipments but also through cost and productivity improvement programs.

#### 10.5.4. Management Business Plan (AM Differdange)

Management is of the view that the expected shipments growth at AM Differdange is reasonable as AM B&D has the capacity to increase its production. Management is confident that the production will be sold.

As part of our procedures to assess the reasonability of the Management Business Plan, we benchmarked the assumptions underlying the Management Business Plan with independent sources, market studies of peer companies, and broker reports.

We compared the evolution of AM B&D's profitability against the forecast performance of comparable companies (Allegheny Technologies, Schmoltz + Bickenbach AG, Steel Dynamcis Inc., Nucor Corporation, Tata Steel Limited and Voestalpine AG).

We observed that forecast AM B&D EBITDA margins are in line with market competitors.

The average Capex-to-Sales ratio forecast for AM B&D's peer group is slightly higher than Management's assumptions. Lower Capex levels on a go-forward basis can be explained by high Capex investments made by AM B&D in recent years.

### 10.6. Valuation

We conducted a DCF valuation analysis for AM B&D based on its Management Business Plan. Long-term forecast FCF were obtained from the Management Business Plan and discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows.

The market approach was also applied. We identified a number of comparable publicly traded companies with similar services, products and geographic segmentation to AM B&D.

### 10.6.1. Valuation summary and conclusion

**Figure 20: AM B&D - Summary of valuation assumptions**

| AM B&D - Summary table | |
|---|---|
| **Key parameters** | |
| AML's equity stake in AM B&D (%) | 100.0% |
| Valuation methodology | DCF, Market |
| Income approach parameters: | |
| *WACC (%)* | *11.2%* |
| *Terminal growth rate (%)* | *2.0%* |
| *Implied multiples* | |
| *EV / EBITDA 2014* | *6.7x* |
| *EV / EBITDA 2015* | *6.4x* |
| *EV / EBITDA (TV)* | *4.5x* |
| Market approach parameters: | |
| *Selected peer group* | *Long carbon* |
| *Median EV / EBITDA 2014 multiple* | *7.7x* |
| Concluded equity value for AML's 100.0% equity interest (in EUR million) | 640.0 |

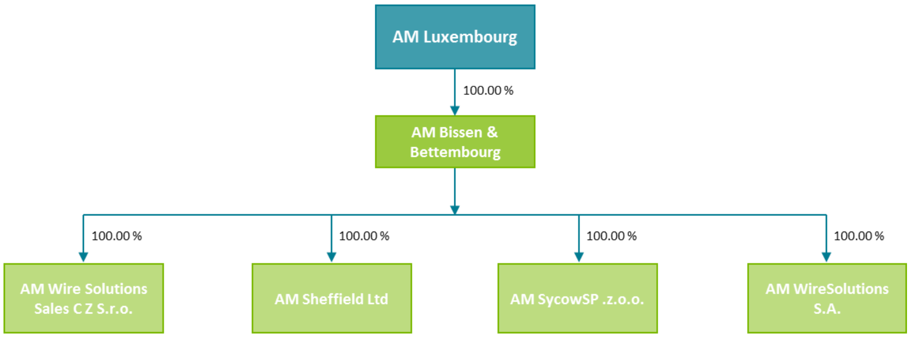
*Source: Management*

Our concluded Fair Price for AML’s 100% equity interest in AM B&D is €640.0 million as at the Valuation Date.

# 11. Appendix 4 – ArcelorMittal Bissen & Bettembourg

## 11.1. Shareholding structure

**Figure 21: AM B&B – Simplified shareholding structure**




*Source: Management*

## 11.2. Business overview

ArcelorMittal Bissen & Bettembourg (hereinafter “AM B&B”) is a producer of steel wires and of a wide range of wire-derived products. AM B&B is located in Luxembourg.

AM B&B operates the following two plants:

- ArcelorMittal Bissen (hereinafter “AM Bissen”), formerly TrefilARBED Bissen, founded in 1910. It is one of the main European producers of wire products; and,
- ArcelorMittal Bettembourg (hereinafter “AM Bettembourg”), founded in 1971. It is specialized in the production of saw wires, technical cords and hose wires.

AM B&B is part of the WireSolutions division, which itself is included in the Distribution Solutions segment of ArcelorMittal.

## 11.3. Production sites

Both production facilities (AM Bissen and AM Bettembourg) are downstream plants. They use semi-finished steel products for their production process.

At AM Bissen, raw materials used in the production process are primarily comprised of wire rods received from AM’s steel plants. They are then processed through, among other stages, a drawing machine, an annealing furnace, galvanization baths and finishing machines (welding, sawing, etc.).

AM Bissen is a pioneer in the manufacturing of heavy galvanized wire. According to Management, AM Bissen significantly invested in the research of new coatings and is recognized internationally for the quality of its Crapal® products.

The facility offers its products to the construction and the agriculture sectors, as well as to house appliances manufacturers.

At AM Bettembourg, the raw materials used in the production process are primarily comprised of plated drawn wires. They are processed through a fine drawing machine to make them thinner before going to the finishing line.

The production of saw wire (which is used to cut silicon wafers of photovoltaic cells) significantly dropped in 2012 when the European photovoltaic market collapsed.

### 11.4. Products and markets

AM Bissen is involved in the production of three main categories of products:

- Products for the Fencing and Agri-Business (hereinafter "FAB"), such as vineyard wire;
- Industrial wire products for cable armoring, fencing and gabions; and,
- Fibers products used, for instance, in shotcrete or precast.

AM Bettembourg is involved in the production of two main products:

- Technical cords, which are primarily used to move lifts;
- Wire hose, used to strengthen high pressure hoses; and,
- Saw wire, used to cut silicon wafers of photovoltaic cells. We understand from Management that the recovery at AM Bettembourg will be driven by the production of high value-added saw wire.

### 11.5. Recent developments

In 2013, AM Bissen strengthened its presence in the European wire market. Its overall performance was positively impacted by the development of new products and new packaging, and by the diversification of its raw materials supplier base.

Management indicated that in 2013 cost improvement targets were met.

In 2013, AM Bissen experienced a decline in EBIT and EBITDA margins from 2012 levels. However, this compression in margins was compensated for by an increase in sales volumes, an improvement in productivity and more efficient wire rod purchases.

We understand that AM Bettembourg has been undergoing a restructuring process since 2011. As a result, the production process was simplified with all plating activities being terminated. In consequence, AM Bettermbourg's sole focus is now on downstream operations.

### 11.6. Management Business Plan

To better understand the historical financial performance and the Management Business Plan of AM B&B, it is important to note that AM B&B has two distinct business units (i.e. AM Bissen and AM Bettembourg) and one restructuring unit, mostly for accounting purposes. AM B&B's Management Business Plan is the sum of all three units' respective Management Business Plans.

At AM Bissen, steel shipments are forecast to gradually increase by 2018. This includes a change in the company's product mix towards: (i) an increase in the development of welded mesh; and, (ii) an increase in steel fiber sales.

Likewise at AM Bettembourg, steel shipments are forecast to gradually increase by 2018. This includes a change in the company's product mix towards high value-added structured saw wire.

#### 11.6.1. Benchmarking of the assumptions

As part of our procedures to assess the reasonability of AM B&B's Management Business Plan, we benchmarked the assumptions underlying the Management Business Plan with independent sources, market studies of peer companies, and broker reports.

The restructuring of AM B&B is expected to be completed by 2016. Thereafter, operations are expected to reach a normalized level. While comparing the KPIs of peers with the normalized operations of AM B&B, we noticed that AM B&B exhibits lower overall performance. This relative underperformance is explained by the fact the peers have worldwide and more diversified operations compared to those of AM B&B.

### 11.7. Valuation

We conducted a DCF valuation analysis for AM B&B based on its Management Business Plan. Long-term forecast FCF were obtained from the Management Business Plan and discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows.

Due to the ongoing restructuring, results are not representative of the go-forward performance of the business and therefore a market multiplier approach was not considered appropriate.

#### 11.7.1. Valuation summary and conclusion

**Figure 22: AM B&B: Valuation summary and conclusion**

| AM B&B - Summary table | |
|---|---|
| **Key parameters** | |
| AML's equity stake in AM B&B (%) | 100.0% |
| Valuation methodology | DCF |
| Income approach parameters: | |
| *WACC (%)* | *14.7%* |
| *Terminal growth rate (%)* | *2.0%* |
| *Implied multiples* | |
| *EV / EBITDA 2014* | *59.5x* |
| *EV / EBITDA 2015* | *3.4x* |
| *EV / EBITDA (TV)* | *3.3x* |
| Concluded equity value for AML's 100.0% equity interest (in EUR million) | 19.6 |

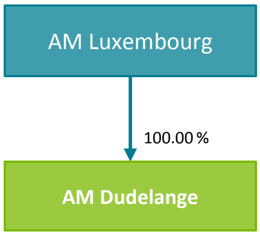
*Source: Management*

Our concluded Fair Price for AML’s 100% equity interest in AM B&B is €19.6 million as at the Valuation Date.

# 12. Appendix 5 – ArcelorMittal Dudelange

## 12.1. Shareholding structure

**Figure 23: AM Dudelange simplified shareholding structure**




*Source: Management*

## 12.2. Business overview

ArcelorMittal Dudelange S.A. (hereinafter "AM Dudelange") is a flat carbon downstream production plant with one finishing line. As at 31 December 2013, it employed 264 people.

AM Dudelange is part of the Business Division North within the Europe Segment of ArcelorMittal.

## 12.3. Products

AM Dudelange's product portfolio includes the following:

- Aluzinc, which is used in the construction sector (e.g. roofing, cladding, partitions), the petrochemical and electrical sectors, and in the household appliances sector;
- Alusi, which is used in the automotive sector (e.g. exhaust systems and thermal shields) and domestic appliances (e.g. ovens or barbecues);
- Usibor, which is used in structural and safety applications in the automotive industry; and,
- Electro-galvanized steel sheets, which are used in the manufacture of household appliances (e.g. washing machines and dryers), electronics (e.g. computers, flat screens and HI-FI), and in metallic furniture.

## 12.4. Valuation

### 12.4.1. Net Asset Value approach

Given the limited size of the entity and its specific activity, we deemed the Net Asset Value ("NAV") approach to be the most suitable approach to determine the Fair Price of AM Dudelange. We disregarded the following valuations approaches:

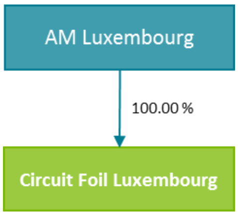
- Income approach: As Management does not prepare a standalone business plan for AM Dudelange, we were unable to perform a Discounted Cash Flow approach.
- Market approach: AM Dudelange scope of activities is limited with only one finishing line, and therefore no truly comparable companies could be identified. We therefore disregarded the comparable companies approach.

Our concluded Fair Price for AML's 100.0% equity interest in AM Dudelange is €63.7 million as at the Valuation Date.

# 13. Appendix 6 – Circuit Foil

## 13.1. Shareholding structure

**Figure 24: Circuit Foil – Simplified shareholding structure**




*Source: Management*

## 13.2. Business overview

Circuit Foil Luxembourg S.à r.l. (hereinafter “Circuit Foil”) was founded in 1960. Circuit Foil designs and manufactures electrodeposited copper foils for the electronics industry. Circuit Foil’s main end-markets are the automotive, the photovoltaic and the technology, media & telecommunication sectors.

Circuit Foil mainly serves laminators and printed circuit board manufacturers worldwide. According to Management, Circuit Foil allocates a significant portion of its resources to research and development (hereinafter “R&D”) with the aim of increasing Circuit Foil’s product mix towards higher value-added products.

Circuit Foil has a plant located in Wiltz, in the north of Luxembourg. It also has three service centers and three commercial offices.

The service centers are located in: (i) Canada, which serves North American customers; (ii) China, which serves Asian customers; and, (iii) Luxembourg, which serves the European market. Commercial offices are located in the United States, Hong Kong and Luxembourg

## 13.3. Valuation

### 13.3.1. Valuation conclusion

We understand that Circuit Foil was sold to Doosan Corporation. This sale was closed on 31 July 2014 (the “Closing Date”). Circuit Foil was purchased free of debt for a total consideration of $50 million (equivalent to c. €36.6 million, based on exchange rates provided by Management as at the Valuation Date).

Circuit Foil had an outstanding balance of c.€42 million of debt (among which €31.8 million towards AM Finance). Before the Closing Date, AML recapitalized Circuit Foil by €42 million to help repay its debt. The financing of this recapitalization occurred through a cash pooling with AM Treasury. As at 30 July 2014, Circuit Foil’s total debt towards AM Finance has been repaid.

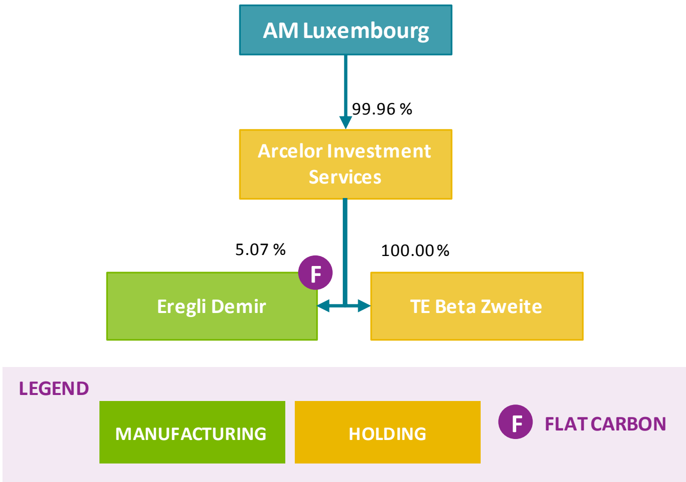
The net impact for AML is a cost of c.€5.4 million (€36.6 million minus €42 million). Accordingly, the NAV of AM Luxembourg has been adjusted by €5.4 million to reflect this financing cost.

Our concluded Fair Price for AML’s 100.0% equity interest in Circuit Foil is €0 as at the Valuation Date.

# 14. Appendix 7 – Arcelor Investment Services

## 14.1. Shareholding structure

**Figure 25: Arcelor Investment Services – Simplified shareholding structure**




*Source: Company*

## 14.2. Business overview

Arcelor Investment Services (hereinafter "AIS") is a holding company. The company's main purpose is to acquire, hold or sell participations and interests, under any form, in Luxembourgish or foreign companies.

AIS holds equity interests in two entities:

- Eregli Demir Ve Celik Fab (hereinafter "Eregli Demir"), a large steel manufacturer in Turkey; and,
- TE Beta Zweite GmbH & Co, KG (hereinafter "TE Beta Zweite"), a holding company which owns interests in several other subsidiaries, including a 10.0% stake in AM Bremen.

## 14.3. Valuation

As explained previously, AIS is a holding company and therefore a NAV approach has been applied. We have carefully analyzed each balance on AIS' balance sheet and adjusted to Fair Price as necessary.

### 14.3.1. Eregli Demir ve Celik Fabrikalari T.A.S

#### 14.3.1.1. Business overview

Eregli Demir ve Celik Fabrikalari T.A.S is the largest flat steel manufacturer in Turkey. Eregli Demir produces iron and steel rolled products, alloyed and non-alloyed iron, steel and pig iron castings, cast and pressed products, coke and by-products.

During the period March 2012 to October 2013, ArcelorMittal decreased its total equity stake in Eregli Demir from 25.78% to 12.08%.

#### 14.3.1.2. Products

Eregli Demir produces and sells flat and long carbon products. The Company also provides by-products. The company's flat products segment offers a broad range of products, such as cold and hot rolled coils, galvanized and galvanealed products as well as tinplates and electrical steel. The company's Iskenderun plant produces long carbon products such as billet, wire rod and pig iron.

In addition to the company's flat and long products, Eregli Demir provides by-products to its customers. These consist of metcoke, oxygen, argon, nitrogen, granulated slag, ammonium sulphate, coal tar and benzole.

#### 14.3.1.3. Valuation conclusion

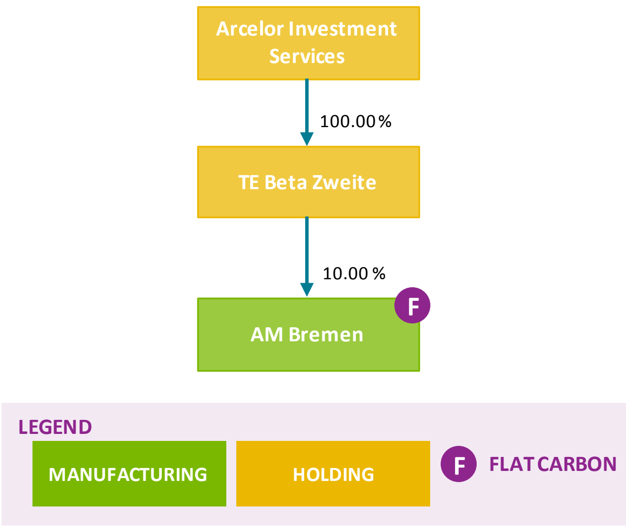
Eregli Demir is a publicly listed company and it is actively traded in the Turkish stock market. Eregli Demir's share price exhibits a continued significant volatility after the Valuation Date. We have therefore used the average share price over the 3 months period ending on 4 September 2014 to determine the Fair Price of Arcelor Investment Services 5.07% equity interest in Eregli Demir and the related ELN at the Valuation Date.

Using the abovementioned approach, the Fair Price of the 5.07% stake owned by Arcelor Investment Services in Eregli Demir is €250.1 million as at the Valuation Date.

### 14.3.2. TE Beta Zweite

#### 14.3.2.1. Shareholding structure

Figure 26: TE Beta Zweite Services – Simplified shareholding structure




*Source: Management*

#### 14.3.2.2. Business overview

TE Beta Zweite GmbH & Co, KG (hereinafter "TE Beta Zweite") is a holding company 100% owned by Arcelor Investment Services.

TE Beta Zweite owns stakes in seven ArcelorMittal entities, including AM Bremen. The latter is a major ArcelorMittal producing facility.

#### 14.3.2.3. Valuation conclusion

To determine the Fair Price of AIS's stake in TE Beta Zweite, we assessed the Fair Price of each of TE Beta Zweite's seven equity investments.

AM Bremen, which is the most significant investment of TE Beta Zweite, has been valued using a DCF approach and a Market approach using comparable public companies.

TE Beta Zweite's other equity investments are much smaller and have been valued using their book values based on the latest available financial statements provided by ArcelorMittal.

Based on the analyses performed, we derived a NAV of €35.2 million for Arcelor Investment Services' 100% stake in TE Beta Zweite.

### 14.3.3. Valuation of liabilities

Based on the balance sheet as at the Valuation Date, Arcelor Investment Services has two main debt instruments: (i) a floating rate loan provided by Arcelor Investment; and, (ii) an equity linked note (hereinafter "ELN") subscribed by a wholly owned subsidiary of ArcelorMittal Group.

Refer to the *section 8.5 Valuation* for a valuation of the floating rate instrument. Our concluded fair price for this instrument is €80.4 million as at the Valuation Date.

#### 14.3.3.1. ELN – Valuation approach

Since there is no active market and no available quoted prices for this instrument, the market approach was disregarded. The income approach was considered to be the only reliable approach to estimate the Fair Price of the ELN. This valuation technique is based on the factors that market participants would consider in setting a price. This is consistent with economic methodologies for pricing financial instruments.

As a result, we have modelled the interest and principal repayment cash flows for the ELN in accordance with the instrument's terms and conditions. Thereafter, we have discounted the cash flows considering the timing of the cash flows and using an appropriate risk-adjusted discount rate.

We considered the following characteristics of the ELN for the valuation:

- Notional amount;
- Floating interest payments;
- Margin;
- Payment frequency;
- Maturity Date; and,
- At maturity, a portion of the notional amount will be linked to the performance of Eregli Demir's share price. The calculation of the redemption amount is as follows: [Notional Amount x (1-portion linked)] + [Notional Amount x portion linked x FP / SP] where:
  - FP means the final share price of Eregli Demir; and,
  - SP means the strike price.

To determine the floating interest payments, we used the Bloomberg curve 23 – USD Swaps.

The future cash flows are discounted at an appropriate rate and take into account two elements: (i) the time value of money; and, (ii) the risk or uncertainty of the anticipated future cash flows.

In relation to the time value of money, the Bloomberg yield curve was used to estimate the zero coupon rate. To account for the uncertainty of the anticipated future cash flows, we have considered ArcelorMittal's credit risk priced by the market.

To derive the redemption amount, we have calculated the forward price of Eregli Demir at the maturity date. Therefore, we have used the standard forward formula to determine the forward price. To determine the forward price we have used the average share price over the 3 months period ending on 4 September 2014 as the spot price.

The market inputs needed to determine the forward price include: i) the spot price of the underlying; ii) the TRY yield curve; and, iii) the expected dividends over the remaining life of the instrument.

To determine the TRY zero rate curve, we used the Bloomberg curve 164 – Turkish Lira.

The expected dividends were sourced from Bloomberg and included in the forward price calculation.

Based on the above methodology, our concluded Fair Price for the ELN is €320.5 million as at the Valuation Date.

#### 14.3.4. Other Balance sheet items

Arcelor Investment Services has a net cash pooling asset of €1.5 million.

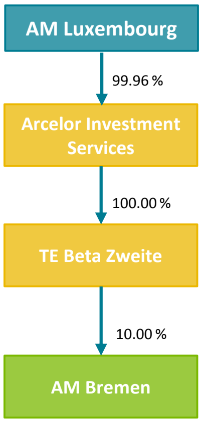
#### 14.3.5. Valuation conclusion

Our concluded Fair Price for AML’s 99.96% equity interest in Arcelor Investment Services is negative €114.0 million as at the Valuation Date.

# 15. Appendix 8 – ArcelorMittal Bremen

## 15.1. Shareholding structure

**Figure 27: AM Bremen – Simplified shareholding structure**




*Source: Management*

## 15.2. Business overview

ArcelorMittal Bremen GmbH (hereinafter “AM Bremen”) is an integrated manufacturer of flat products. It was established in 1957 and employs approximately 3,600 people.

AM Bremen primarily serves the European industrial market (e.g. home appliance manufacturers, and the construction and mechanical engineering sectors).

AM Bremen’s portfolio includes the following products: hot-rolled and cold-rolled coils, as well as hot-dip galvanized coils.

AM Bremen is part of the Business Division North within the Europe Segment of ArcelorMittal.

The plant benefits from its location, which has direct access to the Weser River. It covers an area of circa 7 $km^2$.

## 15.3. Products and markets

AM Bremen manufactures flat steel products mainly used in the industrial and automotive markets such as slabs, hot roll coils and finished products.

## 15.4. Management Business Plan

Management expects the AM Bremen’s EBITDA will increase during the Forecast Period. This increase is expected to result from improvements in spread, growth in shipment volumes, and internal savings programs.

In order to assess the reasonability of the Management Business Plan, we benchmarked the assumptions underlying the Management Business Plan with independent sources, market studies of peer companies, and broker reports.

Market analysts assume that the profitability of the main flat carbon producers in Europe will improve in the coming years. This is in line with the margin trend forecast in the Management Business Plan.

### 15.5. Valuation

We conducted a DCF valuation analysis for AM Bremen based on its Management Business Plan. Long-term forecast FCF discounted to present value at an appropriate rate which considered the timing and risk-level of the cash flows.

The market approach was also applied. We identified a number of comparable publicly traded companies with similar services, products and geographic segmentation to AM Bremen.

**Figure 28: AM Bremen – Summary of valuation assumptions**

| AM Bremen - Summary table | |
|---|---|
| **Key parameters** | |
| AML's equity stake in AM Bremen (%) | 10.0% |
| Valuation methodologies | DCF, Market |
| Income approach parameters: | |
| *WACC (%)* | *13.7%* |
| *Terminal growth rate (%)* | *2.0%* |
| *Implied multiples* | |
| *EV / EBITDA 2014* | *21.9x* |
| *EV / EBITDA 2015* | *14.0x* |
| *EV / EBITDA (TV)* | *4.6x* |
| Market approach parameters: | |
| *Selected peer group* | *Flat carbon* |
| *Median EV / EBITDA 2014 multiple* | *7.3x* |
| Concluded equity value for AML's 10.0% equity interest (in EUR million) | 30.0 |

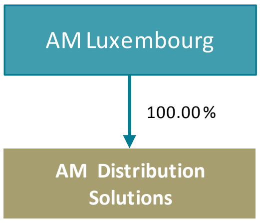
*Source: Management Business Plan, KPMG Analysis*

Our concluded Fair Price for a 10.0% equity interest in AM Bremen is €30.0 million as at the Valuation Date.

# 16. Appendix 9 – ArcelorMittal Distribution Solutions

## 16.1. Shareholding structure

**Figure 29: AMDS – Simplified shareholding structure**




*Source: Management*

## 16.2. Business overview

ArcelorMittal Distribution Solutions S.A. (hereinafter “AMDS”) is a holding company which serves as the in-house trading and distribution arm of AML. Through its subsidiaries, AMDS also provides value-added and customized steel solutions to meet customer specific requirements.

In response to the challenging economic environment and the overcapacity of steel manufacturing in Western and Eastern Europe, AMDS reduced its industrial footprint through site reorganizations and site closures during 2013. AMDS currently has subsidiaries in Luxembourg, China, Bulgaria, Romania, Serbia, Croatia, Slovenia, the Czech Republic, Hungary and Poland.

## 16.3. Valuation

Given that the company’s subsidiaries are fairly small and some are not profitable and/or under reorganization, we deemed the NAV approach to be the most appropriate valuation methodology in the circumstance.

Due to the limited size of the entity, we considered the book value to be equal to the Fair Price of all items except for the Investments. We estimated the Fair Price of the investments at negative €34.4 million.

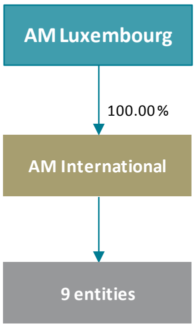
To estimate the Fair Price of the investments as at the Valuation Date, we considered the NAV of each subsidiary. We based our analysis on the latest available financial statements which in most cases were as at the Valuation Date.

Our concluded Fair Price for AML’s 100.0% equity interest in AMDS is negative by €31.4 million as at the Valuation Date. This negative equity value assumes the continued support of AML to AMDS.

# 17. Appendix 10 – ArcelorMittal International

## 17.1. Shareholding structure

**Figure 30: AM International - Simplified shareholding structure**




*Source: Management*

## 17.2. Business overview

ArcelorMittal International S.A. (hereinafter “AMI”) is a 100.0% owned subsidiary of AM Luxembourg. AMI sells products manufactured and produced by ArcelorMittal entities, which cannot be sold on core domestic markets, on non-core international markets (i.e. non-EU markets).

AMI operates a sales network of 40 offices worldwide, with a focus on developing business in the emerging markets. Most of its offices are located in the Middle-East and Asia.

AMI is also a holding company of several commercial entities, including ArcelorMittal International Luxembourg S.A. and ArcelorMittal International Private Ltd.

AMI acts either as a customer for AM’s production mills, purchasing goods and selling them thereafter; or, as an agent that will connect AM’s production from its mills to potential clients.

In 2013, AMI’s shipments amounted to approximately 7.5 million tonnes.

## 17.3. Valuation

We understand that no business plan is available for AMI since it has no production operations. AMI’s results depend solely on the production of ArcelorMittal’s European mills that cannot be sold on local markets. Considering that no forecasts are available, we disregarded an income approach.

AMI’s activities are very specific and therefore no comparable companies could be found. Furthermore, the growth prospects for AMI are uncertain. Accordingly, a market approach would likely not reflect the Fair Price of the business.

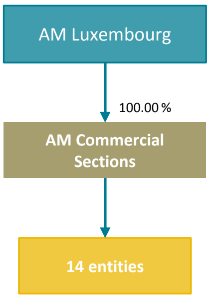
Taking into consideration the abovementioned points, we conclude that a NAV approach is the most appropriate method to value AMI in the circumstance. We note that we have included an adjustment to the book value figures of AMI. This is related to AMI’s equity investment in Arcelor Investment, which has been adjusted to Fair Price.

Our concluded Fair Price for AML’s 100.0% equity interest in AMI is €131.7 million as at the Valuation Date.

# 18. Appendix 11 – ArcelorMittal Commercial Sections

## 18.1. Shareholding structure

**Figure 31: AMCS – Simplified shareholding structure**




*Source: Management*

## 18.2. Business overview

ArcelorMittal Commercial Sections (hereinafter "AMCS") sells sections and merchant bars produced by ArcelorMittal's European plants.

AMCS owns sales agencies in the following countries: the Netherlands, France, Switzerland, the UK, Denmark, Germany, Italy, Finland, Norway, Sweden, Estonia, the Czech Republic, Poland, Romania and Bulgaria. AMCS uses AM International's network when selling products via export markets.

Products are directly delivered by ArcelorMittal's the European mills to AMCS's customers, based on the agreed terms between AMCS and its customers.

## 18.3. Valuation

According to Management, the revenue, costs and EBITDA of AMCS are expected to remain stable for the foreseeable future. Thus, we have calculated the Fair Price of AMCS using a capitalized cash flow valuation approach. Under the capitalized cash flow approach, maintainable cash flows prior to interest expenses (i.e. normalized EBITDA) are determined, and thereafter capitalized using a levered rate (referred to as the "capitalization rate") that considers both the weighted average cost of capital and the expected annual long-term growth rate of the cash flows. AMCS' capitalization rate was computed based on the "Gordon Growth Methodology".

**Figure 32: AMCS – Summary of valuation assumptions**

| AMCS - Summary table | |
|---|---|
| **Key parameters** | |
| AML's equity stake in AMCS (%) | 100.0% |
| Valuation methodology | Capitalized cash flows |
| Income approach parameters: | |
| *WACC (%)* | *11.2%* |
| *Terminal growth rate (%)* | *0.0%* |
| *Implied multiples* | |
| *EV / EBITDA (TV)* | *6.2x* |
| Concluded equity value for AML's 100.0% equity interest (in EUR million) | 45.2 |

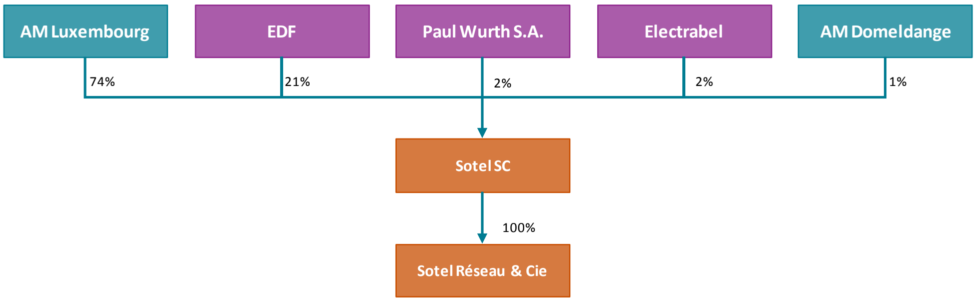
*Source: Management Business Plan, KPMG Analysis*

Our concluded Fair Price for AML's 100.0% equity interest in AMCS is €45.2 million as at the Valuation Date.

# 19. Appendix 12 – Sotel SC

## 19.1. Shareholding structure

**Figure 33: Sotel - Simplified shareholding structure**




*Source: Management*

## 19.2. Business overview

Sotel SC (hereinafter "Sotel") primarily delivers electricity to ArcelorMittal's facilities in Luxembourg.

Sotel's business operations are carried out by two legal entities: Sotel SC and Sotel Réseau & Cie. The former provides support services (e.g. finance, HR and administration) to the latter, which owns and operates the industrial power grid in Luxembourg. This split of functions was introduced to provide transparent information on the operating costs of the business for the purpose of calculating Sotel's regulated revenue (i.e. tariff).

Sotel's operations and tariff are regulated by the Institut Luxembourgeois de Régulation (hereinafter "ILR"), the Luxembourgish energy regulatory body. Sotel only has a concession to provide electricity distribution services to industrial customers. We understand from Management that Sotel does not have the technical capabilities to expand its portfolio of customers by connecting new industrial companies to its grid. It is also not authorized to distribute electricity to households. In consequence, Sotel is fully dependent on ArcelorMittal's manufacturing activities in Luxembourg.

## 19.3. Valuation

We understand from Management that: (i) Sotel is fully dependent on ArcelorMittal's manufacturing activities in Luxembourg; (ii) its portfolio of customers may not be extended or diversified; and, (iii) the business model of Sotel does not envisage making any profit, since its objective is to provide the lowest possible electricity distribution service to ArcelorMittal's companies in Luxembourg.

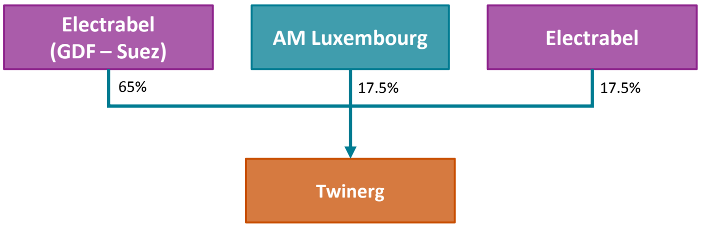
Taking into consideration the abovementioned elements, we conclude that the NAV approach is the most appropriate method to value Sotel.

Our concluded Fair Price for AML's 73.99% equity interest in Sotel SC is €21.5 million as at the Valuation Date.

# 20. Appendix 13 – Twinerg

## 20.1. Shareholding structure

**Figure 34: Twinerg – Simplified shareholding structure**




*Source: Management*

## 20.2. Business overview

Twinerg S.A. (hereinafter "Twinerg") owns and operates a 350 MW combined cycle gas power plant located in Esch-sur-Alzette. In 1995, the Government of Luxembourg announced a tender for the construction of a power plant. Additional supply of electric power was required for ARBED's newly built electric arc furnaces, which replaced blast furnaces. The construction of the power plant was completed in 2001 and it commenced operations the following year. Twinerg was incorporated to own and operate this power plant.

Until the end of 2013, Twinerg sold electricity to its shareholders (including ArcelorMittal's manufacturing sites in Luxembourg) based on long-term power purchase contracts. However, during 2013 costs of natural gas increased substantially and made the price of Twinerg's electricity uncompetitive, compared to imports from France. In consequence, long-term power purchase contracts were terminated in December 2013 and Twinerg switched to a merchant operating mode. Since then, electricity has been sold on Belpex, the Belgian power exchange.

During the first months of 2014, the shareholders decided to mothball the plant commencing October 2014. Electrabel, which has a controlling stake in Twinerg, intends to hold the asset as a backup power facility within the Belgian electricity system.

## 20.3. Valuation

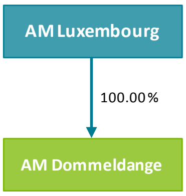
Taking into consideration the current situation of Twinerg, we conclude that an adjusted Net Asset Value approach is an appropriate method to value Twinerg.

Our concluded Fair Price of AML's 17.5% equity interest in Twinerg is €0 as at the Valuation Date.

# 21. Appendix 14 – ArcelorMittal Dommeldange

## 21.1. Shareholding structure

**Figure 35: AM Dommeldange – Simplified shareholding structure**




*Source: Management*

## 21.2. Business overview

Incorporated in 1980, ArcelorMittal Dommeldange S.à.r.l. (hereinafter "AM Dommeldange") is a mechanical workshop dedicated to long carbon products. AM Dommeldange offers its products and services to both ArcelorMittal entities and external customers.

AM Dommeldange is part of the Europe Division of ArcelorMittal and is 100.0% owned by ArcelorMittal Luxembourg.

We understand that AM Dommeldange owns a sizeable plot of land in Luxembourg City. We valued this land by taking into consideration the pollution, the absence of PAP and the specificities of the asset.

## 21.3. Valuation

We deemed the NAV approach to be the most suitable approach to determine the Fair Price of AM Dommeldange.

We disregarded the following valuations approaches:

- Market approach: As AM Dommeldange has had negative profitability in 2013 and year to date, we disregarded the use of market multiples.
- Income approach: We were not provided with a business plan because of the limited size and the specific circumstances of the entity.  Therefore we were unable to perform a Discounted Cash Flow approach.

Our concluded Fair Price for AML's 100.0% equity interest in AM Dommeldange is €11.5 million.

# 22. Appendix 15 – Agora

## 22.1. Business overview

ArcelorMittal Luxembourg has a 50% equity interest in AGORA S.à r.l. and a 49.96% equity interest in AGORA S.à r.l. et Cie S.e.c.s. (collectively hereinafter "Agora"). AGORA S.à r.l operates as the general partner of AGORA S.à r.l et Cie S.e.c.s., which holds and manages real estate assets (mostly land).

Agora was founded in 2000 as a partnership between the Government of Luxembourg and AML. At inception, AML contributed land in kind to Agora and the Luxembourg government purchased half of Agora's issued shares from AML, maintaining a 50/50 shareholding.

Agora operates as a real estate development company. It is responsible for the planning and transformation of former steel industry production sites located in Belval, in the south of Luxembourg. It has 23 employees.

Agora covers every aspect of project development with services such as: (i) planning analysis and realization of urban concepts; (ii) civil engineering and development; and, (iii) local marketing.

Agora manages 120 ha of land for a net buildable area of 69 ha. In total, the potential ground floor area (hereinafter "GFA") is 1.3 million sqm among which 68% has been sold. The objective is to provide housing for more than 5,000 people, and accommodate a workforce of 25,000 workers (offices, retail, etc.).

## 22.2. Development of Belval

In 2002, the fund "Fonds Belval" was created to steer all public investment into Belval's development. The first infrastructure works were launched three years later. The project benefits from a good location with direct connections to Luxembourg City, France, Belgium, and Germany. Two major buildings were delivered during the last years: (i) the office building of RBC Investor Services Bank; and, (ii) the "Rockhall", a concert hall with a capacity of 6,000 visitors.

We understand that Belval's visibility depends on key projects such as its University of Luxembourg project, which was initially expected to be completed by 2014 but has a revised completion date of 2015.

By 2012, all the public GFA, totaling 572,000 sqm had been sold. For the private sector GFA, 730,000 sqm was constructed and 60% has been sold to date. We understand that as at the Valuation Date, and under the current and expected market conditions, the remaining 425,000 sqm will take approximately 12 to 15 years to be sold.

## *22.3.* Valuation

We determined the Fair Price of Agora based on a discounted cash flow analysis.

Our concluded Fair Price for AML's 50.0% equity interest in Agora is €22.5 million as at the Valuation Date.

# 23. Appendix 16 – ArcelorMittal Luxembourg Real Estate

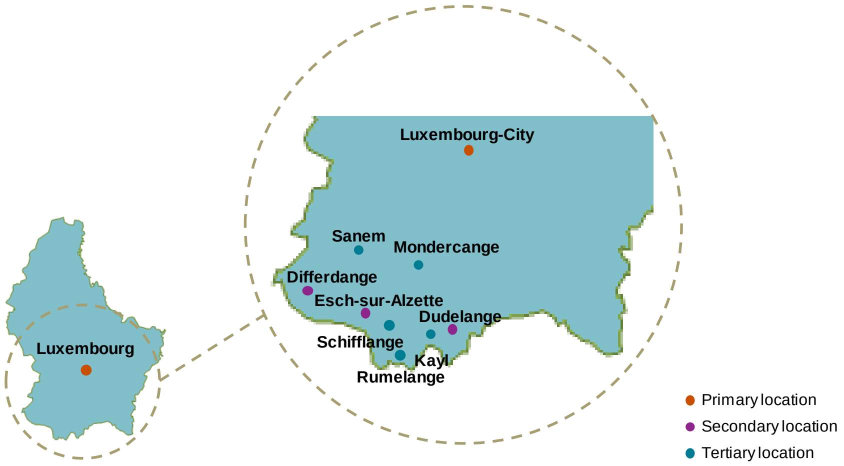
## 23.1. Business overview

The majority of the real estate portfolio is composed of industrial lands, agricultural lands and woods (with a few industrial buildings on them), while a minor part of the portfolio is composed of buildings. We understand that some of the assets in the Portfolio are currently used by the operating entities in the course of their core activities. Therefore, part of the value of these individual assets has been reflected in the values of these operating companies.

We understand that several plots of land require substantial decontamination.

We understand from Management that properties in the Portfolio are mainly located in the South of Luxembourg, near the "steel valley" surrounding Esch-sur-Alzette – as shown hereafter:

**Figure 36: AML Real Estate – Location of properties**




*Source: Management*

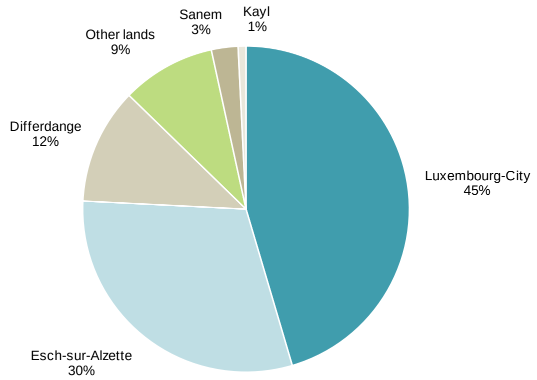
*Figure 37: AML Real Estate – Portfolio breakdown by location* illustrates the breakdown of the Portfolio by location, calculated based on our concluded market value.

As at the Valuation Date, the assets located in Luxembourg-City represented 45% of the Portfolio's market value. The assets located in Luxembourg-City primarily relate to the historic AML headquarters at 19, Avenue de la Liberté, Luxembourg-City (hereinafter "Liberté Building").

Esch-sur-Alzette represents the second largest site by location. It accounts for 30% of the Portfolio's market value. The main assets located in Esch-sur-Alzette are the AML headquarters in the city center and the Esch-Schifflange plant.

Differdange represents the third largest site by location. It accounts for 12% of the Portfolio's market value. The most representative assets at Differdange are the slag heap and industrial lands.

**Figure 37: AML Real Estate – Portfolio breakdown by location**




*Source: Management; KPMG Analysis*

## 23.2. Overview of main real estate assets

### 23.2.1. AML's headquarters in Esch-sur-Alzette

The properties located in Esch-sur-Alzette consist of:

- Building 1: AML Office Building (hereinafter "AMOB"). 100% office building. Gross area: 7,500sqm;
- Building 2: R&D centre. It is located in the courtyard of the AMOB. It consists of offices, training and meeting rooms. Gross area: 2,040sqm;
- Building 3: "Caisse de Maladie" (French for Social Security) – currently demolished;
- Building 4: Old Direction Building. 100% meeting and training rooms. Gross area: 2,300sqm;
- Building 5: University. 100% office building. Gross area: 1,944sqm;
- Building 6: Workshop – currently demolished;
- Building 7: IT Building – currently demolished; and,
- Building 8: Workshop/Test-rooms. 100% warehouse. Gross area: 600sqm.

### 23.2.2. Liberté Building

AML's historic headquarters are located at 19, Avenue de la Liberté, on the main axis between the city center and the train station of Luxembourg-City. The Liberté Building benefits from great accessibility to public transportation. The neighborhood is composed of other office buildings, which house multinational companies, banks, and insurance companies.

The gross property size is 13,745 sqm, distributed across six floors. Moreover, AML owns 134 parking spots located in the public parking "Heine", next to the Liberté Building. The entire section surrounding Avenue de la Liberté was refurbished in 2008.

## 23.3. Valuation

We performed a desktop valuation of the entire real estate portfolio of AML located in the Grand-Duchy of Luxembourg (previously defined as the "Portfolio") as at the Valuation Date.

### 23.3.1. Compliance with valuation standards and Appraisal

The valuation of the Portfolio has been prepared in accordance with the appropriate sections of the Valuation Standards contained within the RICS Valuation – Professional Standards, 9th Edition (hereinafter "Red Book") and in accordance with the local market practice. This is an internationally accepted basis of valuation and we confirm that we have undertaken the valuations acting as Independent Valuators, as defined in the RICS Valuation Standards.

### 23.3.2. Valuation assumptions

The following assumptions were used in order to determine the market value of the Portfolio (as defined below):

- We assumed that the information received by AML regarding the specific level of pollution of the industrial plot of lands included in the Portfolio is reliable and not misleading;
- The market value assumes that the Portfolio is sold as a whole (not piecemeal) as at the Valuation Date;
- We only appraised the real estate value of the properties and we did not consider the potential value of the cash flows;
- In absence of documents concerning an Urban Plan (i.e. Plan d'Aménagement Général or PAG) we did not consider the value of the potential development of the land;
- We did not consider machinery and equipment located on the industrial real estate properties; and,
- As the majority of the plots of land are highly polluted and contaminated, these assets have been valued based on their current condition and assuming that they retain their current use. The highest and best in use approach is only then applied for the buildings.

In addition, we emphasize that it is not part of our scope to assess or quantify the facts and risks related to the contamination of the lands or buildings, site pollution, or more general questions involving the environmental state of the assets.

### 23.3.3. General valuation principles

For the purposes of the valuation, we applied the following definitions in accordance with the RICS Red Book:

- **Real Estate Complex:** The entire portfolio to be valued (i.e. buildings, lands and woods). Personal properties, machines, equipment and intangibles were excluded from the appraisal;
- **Real Estate Property:** represents the asset subject to appraisal: land, buildings, building systems and land improvements. Personal Properties and intangible assets were excluded from the appraisal.
- **Market Value:** The estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion;
- **Market Rent**: The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion. Whenever Market Rent is provided the 'appropriate lease terms' which it reflects should also be stated;
- **Valuation Basis:** The appraisals for the assets contained in the Real Estate Complex (i.e. the Portfolio) were performed as agreed with Management, according to the RICS Red Book, unless stated otherwise.
  In the appraisals, no reference is made to mortgages outstanding on the Portfolio, nor to any capital/interest accrued, if any, as at the Valuation Date. The appraisals are performed according to the available data as at the Valuation Date; and,
- **Information Supplied:** We consider the information supplied by the Management as being complete, accurate, fully transparent and not misleading, relating to the tenure, tenancies, tenants' improvements and other relevant matters.

### 23.3.4. Methodology

The valuation methodology used was the following (depending on the property and the information available, we selected one amongst these three approaches):

**Revenue Approach:** this approach capitalizes the annual rental income generated by the asset according to the capitalization rate prevailing in the local real estate market for a similar asset.

**Income Capitalization Approach (DCF):** this approach was used in order to value the Liberté Building. It is based on the forecasted free cash flows of the property discounted back to the Valuation Date. The cash flow represents the property's net rental income (i.e. the difference between the annual income generated by the property, and the Capex and expenses related to its operations).

**Market/Sales Comparison Approach:** this approach considers actual market data of comparable market transactions. Comparable transactions are chosen based on destination of use (industrial/commercial/residential/etc.), location, size, condition and activity.

### 23.3.5. Scope

- We performed desktop valuation, with the exception for the Liberté Building and the AMOB where we conducted site visits;
- We performed several market searches on properties in the Luxembourgish market using publicly available information in order to compare these properties to similar properties contained in the Portfolio, where applicable;
- Management provided information to us via email and during in person meetings;
- For certain properties (hereinafter "Brownfield Sites") we received two separate estimated values from AML: one for the property and the other for the land. We assumed that plots of land containing existing buildings have no additional development capacity. Consequently, we assumed that no additional surfaces or buildings can be built on these plots of land.

### 23.3.6. Valuation conclusion

Our concluded value for the Real Estate portfolio held by AML is €183.9 million as at the Valuation Date.

We observe a difference between the Market Value and the book value (under IFRS). This difference is explained by the fact that KPMG Corporate Finance derived the Market Value of the real estate assets following the RICS standards while we understand from Management that AM and all Subsidiaries are subject to an impairment process using the concept of value in use under IFRS.

According to IFRS, the value in use reflects the reporting entity's cash flow estimates based on its expected use of the asset, including the effects of factors that may be specific to the entity and not applicable to entities in general.

# 24. Appendix 17 – Weighted Average Cost of Capital

## 24.1. Methodology

The cost of capital of a company is the average required rate of return that equity and debt investors demand for the risk of investing in the company. The most common way to estimate this required rate of return is to calculate the marginal cost of capital required by each of the various sources of capital and then to calculate a weighted average return based on these costs.

The cost of capital is therefore a function of the company's optimal capital structure, risk Business Overview, and, opportunity cost of capital. In addition, it is also dependent on the stock market's risk characteristics.

The cost of capital is a central topic in corporate finance and is used to carry out the following analyses:

- Determination of the discount rate of a firm's assets;
- Determination of the minimum return accepted by equity and debt investors in a firm; and,
- Estimation of the average cost of funds for a firm.

In the context of this report, we have estimated the WACC as set out below:

$$\text{WACC} = r_e * w_e + r_d * w_d$$

Where:

- $r_e$: Cost of equity;
- $w_e$: Equity as proportion of total invested capital;
- $r_d$: After-tax cost of debt; and,
- $w_d$ = 1- $w_e$: Debt as proportion of total invested capital.

The proportion of debt ($w_d$) and equity ($w_e$) used in estimating the WACC reflects the target capital structure, estimated based on the spot gearing observed for comparable companies.

### 24.1.1. Cost of equity

The cost of equity is generally calculated using the Capital Asset Pricing Model (hereinafter "CAPM"). The CAPM is widely accepted academically and states that the expected return on a stock is the sum of the risk-free interest rate and a premium in relation to the company's undiversifiable risk. The latter is equal to the product of the stock's beta and the market risk premium.

In the context of this report, we have applied an adjusted CAPM, considering a country risk premium and when relevant other risk premiums such as the small size premium in addition to the standard parameters of CAPM. The following formula was used:

$$r_e = r_f + \beta * (r_m - r_f) + \text{CRP} + \text{SP} + \text{SRP}$$

Where:

- $r_f$: Nominal risk-free rate of return;
- $\beta$: Beta, measure of the systematic risk;
- $(r_m - r_f)$: Equity Risk Premium;
- CRP: Country Risk Premium;
- SP: Size Premium; and,
- SRP: Specific Risk Premium.

### Risk-free rate of return

To derive the cost of equity in EUR currency, the nominal risk-free rate of return ($r_f$) was estimated by reference to the three-month average EUR 30-year German yield curve as at the Valuation Date.

### Country Risk Premium

Country risk is the risk that operating profits or the value of assets are negatively impacted by changes in the business environment of a specific country. A common approach for dealing with this risk is to adjust the cost of equity estimated using the CAPM by adding a CRP to the risk-free rate of return ($r_f$), where the base risk-free rate of return is calculated based on German government bonds (AAA rated).

We have considered a country risk premium for countries that have an average country credit rating below AAA. Where possible, the CRP was estimated by reference to the 2-year average spread of local EUR denominated government bonds over German government bonds, with a remaining maturity of 5 to 25 years.

As an example, the CRP for Belgium (AA rated) was estimated to be 0.9%.

### Size Premium

Investors tend to view large companies as less risky than smaller ones. Therefore, a SP should be applied when estimating the cost of equity of a small company. We estimate the size premium based on Morningstar 2013 Ibbotson "Stocks, Bonds, Bills, and Inflation", which is a standard market reference for determining the SP.

In consideration of the context of the Valuation (i.e. the Fair Price of the Minority Shares in AML), we are of the view that an investor would consider the Fair Price of AML as a whole when assessing the risk of AML and its underlying subsidiaries. Accordingly, we have calculated a small size premium based on our Fair Price estimate of AML.

### Specific Risk Premium

The SRP accounts for the unique specificities of a company. It can be viewed as the operational risk of a company over and above the operational risk of the industry in which it operates. It reflects, among others, the risk of volatility in earnings, the indebtedness, and the positioning in the market. For instance, it includes the risk associated with the implementation of a major cost improvement program (e.g. plant restructuring) or with a change in the Management Business Plan (e.g. the launch of new products).

### Beta

The appropriate beta factor ($\beta$) was estimated by reference to the observed betas of comparable quoted companies in the sector, estimated based on a regression of the monthly historical return of the comparable companies against the monthly returns of the MSCI World Index over a 5-year period. The MSCI World Index was used as it is the most diversified index and because the beta is a measure of the systematic (or undiversifiable) risk of an asset. This index is widely accepted as the reference index for Beta computation (hereinafter “Reference Index”).

A specific peer group was derived for (i) long carbon products companies in Europe, (ii) flat carbon products companies in Europe; (iii) wire products companies in Europe; and, (iv) other specific entities on a case by case basis.

Observed betas were adjusted to reflect the assumption that betas converge over time toward the average of the market ($\beta$ = 1). The adjustment was based on the following relation (Blume):

$$\beta_{adj} = (\beta_{obs} * 2 / 3) + 1 / 3$$

The adjusted betas were unlevered based on the 5-year weighted average capital structure to assess the asset beta, which was subsequently relevered based on the debt-to-equity ratio, estimated based on the spot gearing as at the Valuation Date observed for comparable companies. The following relationship between unlevered and levered beta was used (Hamada):

$$\beta_U = \beta_L / (1 + D/E * (1 - t_c))$$

As a beta is a linear regression, the accuracy of the regression coefficient can be estimated.The $R^2$ measures the percentage of volatility of a stock that can be explained by the volatility of the Reference Index. All betas with an $R^2$ below 20% have been disregarded.

### Equity risk premium

The equity risk premium ($r_m - r_f$) (hereinafter "ERP") was estimated to be 5.0% based on published articles, academic studies and surveys that attempt to quantify the expected equity risk premium for common stocks. Recent studies include:

- Credit Suisse Global Investment Returns Yearbook 2013, which, based on returns during the period 1900 to 2012, estimated an average equity risk premium over the Treasury bond rate of 4.1% for the world and 5.3% for the US;
- Damodaran (2012), which estimated the geometric average equity risk premium over the US Treasury bond rate to be 4.02% during the period 1961 to 2012. In addition, Damodaran estimated the current implied ERP for US stocks to be 5.49% in November 2013; and,
- Fernandez, Aguirreamalloa and Corres (2013), which concluded in a survey that analysts used in 2012 a median market risk premium of 5.4% for the US market and 5.0% for the German market.

#### 24.1.2. Cost of debt

The cost of debt is the cost of debt financing when, for instance, issuing a bond or taking a loan. Since interest expenses are deductible for tax purposes, the after-tax cost of debt is considered for the purpose of calculating the cost of capital.

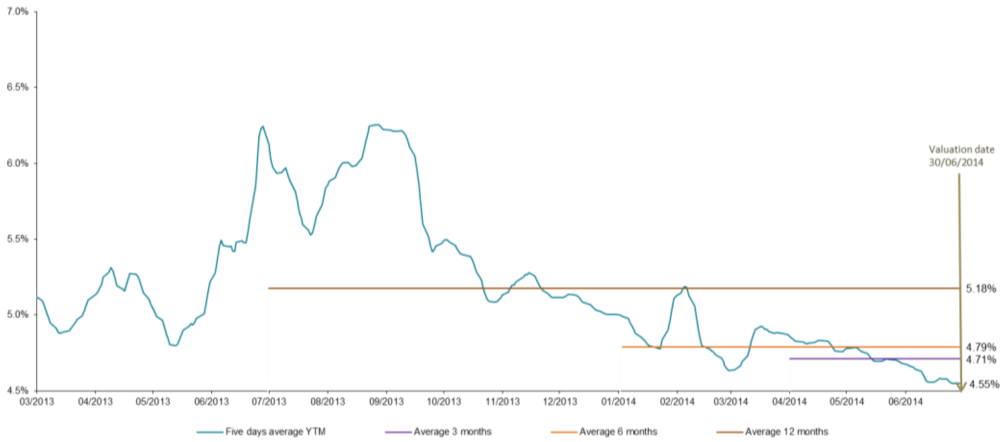
The after-tax cost of debt was derived as follows:

$$r_d = (r_{d\ (base)} + CRP) * (1 - t_c)$$

Where

- $r_{d\ (base)}$: Base rate for the cost of debt, which we derived from our yield analysis based on the listed debt of ArcelorMittal and comparable bonds in the steel industry with similar credit ratings and durations. We used the average three-month yield prior to the Valuation Date of the yield to maturity of ArcelorMittal's 6.0% USD-denominated bond maturing in 2021 (ISIN US03938LAU89) as this is ArcelorMittal's most comparable bond (i.e. its key features can be compared to a significant number of peer companies' bonds). The key features we considered for the comparable analysis are USD currency, BBB- to BB credit rating, fixed coupon and metals & mining industry (excluding pure play mining companies).
- CRP: Country Risk Premium (as defined previously); and,
- $t_c$: Statutory corporate tax rate of the country of incorporation, as provided by ArcelorMittal.

## Figure 38: WACC – ArcelorMittal Bond Yield (6.0 2021 – ISIN US03938LAU89)




*Source: Bloomberg, KPMG Analysis*

## Figure 39: WACC – Listed Bonds – Metal Industry

| Listed bonds - Metal industry (1) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Issuer Name | ISIN Code | Currency | Maturity | Coupon | YTM | Duration | Moody's Rating | Fitch Rating | S&P Rating |
| ArcelorMittal | US03938LAU89 | USD | 2021-03-01 | 6.0% | 4.6% | 5.27 | Ba1 | BB+ | BB+ |
| GTL Trade Finance Inc | US36120PAC77 | USD | 2044-04-16 | 7.3% | 6.9% | 12.08 | Baa3 | BBB- | BBB- |
| Severstal OAO Via Steel Capital SA | XS0841671000 | USD | 2022-10-17 | 5.9% | 6.1% | 6.25 | Ba1 | BB+ | BB+ |
| Metalloinvest Finance Ltd | XS0918297382 | USD | 2020-04-17 | 5.6% | 6.0% | 4.62 | Ba2 | BB | BB |
| Reliance Steel & Aluminum Co | US759509AB87 | USD | 2036-11-15 | 6.9% | 5.9% | 11.96 | Baa3 | n.a. | BBB |
| Alcoa Inc | US013817AJ05 | USD | 2027-02-01 | 5.9% | 5.9% | 8.86 | Ba1 | BB+ | BBB- |
| Alcoa Inc | US013817AK77 | USD | 2037-02-01 | 6.0% | 5.9% | 12.45 | Ba1 | BB+ | BBB- |
| CSN Resources SA | USL21779AA88 | USD | 2020-07-21 | 6.5% | 5.5% | 4.85 | Ba1 | BB+ | BBB- |
| Alcoa Inc | US022249AU09 | USD | 2028-01-15 | 6.8% | 5.4% | 9.00 | Ba1 | BB+ | BBB- |
| Commercial Metals Co | US201723AK97 | USD | 2023-05-15 | 4.9% | 5.3% | 6.90 | Ba2 | n.a. | BB+ |
| GTL Trade Finance Inc | US36249SAA15 | USD | 2024-04-29 | 5.9% | 5.2% | 7.09 | Baa3 | BBB- | BBB- |
| OJSC Novolipetsk Steel via Steel Funding Ltd | US85812PAA12 | USD | 2019-09-26 | 5.0% | 5.1% | 4.33 | Baa3 | BBB- | BB+ |
| Gerdau Trade Inc | USG3925DAB67 | USD | 2023-04-15 | 4.8% | 4.9% | 6.87 | Baa3 | BBB- | BBB- |
| OJSC Novolipetsk Steel via Steel Funding Ltd | US85812PAB94 | USD | 2018-02-19 | 4.5% | 4.7% | 3.17 | Baa3 | BBB- | BB+ |
| Steel Dynamics Inc | US858119AZ32 | USD | 2023-04-15 | 5.3% | 4.6% | 5.46 | Ba2 | n.a. | BB+ /*- |
| Gerdau Trade Inc | US37373WAA80 | USD | 2021-01-30 | 5.8% | 4.5% | 5.35 | NR | BBB- | BBB- |
| Allegheny Technologies Inc | US01741RAF91 | USD | 2023-08-15 | 5.9% | 4.3% | 6.89 | Baa3 | n.a. | BBB- |
| Alcoa Inc | US013817AQ48 | USD | 2022-02-23 | 5.9% | 4.2% | 6.11 | Ba1 | BB+ | BBB- |
| Gerdau Holdings Inc | USU37405AA20 | USD | 2020-01-20 | 7.0% | 4.2% | 4.52 | n.a. | BBB- | BBB- |
| Allegheny Technologies Inc | US01741RAE27 | USD | 2021-01-15 | 6.0% | 4.1% | 5.14 | Baa3 | n.a. | BBB- |
| Carpenter Technology Corp | US144285AK99 | USD | 2023-03-01 | 4.5% | 4.0% | 6.75 | Baa3 | n.a. | BBB |
| Alcoa Inc | US013817AV33 | USD | 2021-04-15 | 5.4% | 4.0% | 5.32 | Ba1 | BB+ | BBB- |
| Reliance Steel & Aluminum Co | US759509AE27 | USD | 2023-04-15 | 4.5% | 3.9% | 6.86 | Baa3 | n.a. | BBB |
| Carpenter Technology Corp | US144285AJ27 | USD | 2021-07-15 | 5.2% | 3.8% | 5.61 | Baa3 | n.a. | BBB |
| Alcoa Inc | US013817AU59 | USD | 2020-08-15 | 6.2% | 3.7% | 5.04 | Ba1 | BB+ | BBB- |
| Carpenter Technology Corp | US14428TBF75 | USD | 2018-05-21 | 7.1% | 3.6% | 3.23 | Baa3 | n.a. | BBB |
| Carpenter Technology Corp | US14428TBD28 | USD | 2018-05-07 | 7.1% | 3.6% | 3.20 | Baa3 | n.a. | BBB |
| Carpenter Technology Corp | US14428TBB61 | USD | 2018-04-23 | 7.0% | 3.6% | 3.18 | Baa3 | n.a. | BBB |
| Harsco Corp | US415864AJ61 | USD | 2018-05-15 | 5.8% | 3.5% | 3.29 | Ba1 | BBB- | BB+ |
| Commercial Metals Co | US201723AJ25 | USD | 2018-08-15 | 7.4% | 3.5% | 3.46 | Ba2 | n.a. | BB+ |
| Carpenter Technology Corp | US14428TBE01 | USD | 2018-05-18 | 7.0% | 3.5% | 3.23 | Baa3 | n.a. | BBB |
| Carpenter Technology Corp | US14428TAZ49 | USD | 2018-04-17 | 7.0% | 3.3% | 3.17 | Baa3 | n.a. | BBB |
| Allegheny Technologies Inc | US01741RAC60 | USD | 2019-06-01 | 9.4% | 3.3% | 3.91 | Baa3 | n.a. | BBB- |
| Alcoa Inc | USU01347AA84 | USD | 2019-02-23 | 5.7% | 3.0% | 3.99 | Ba1 | BB+ | BBB- |
| Alcoa Inc | US013817AS04 | USD | 2018-07-15 | 6.8% | 2.8% | 3.44 | Ba1 | BB+ | BBB- |
| Alcoa Inc | US022249BA36 | USD | 2018-06-15 | 6.5% | 2.8% | 3.37 | Ba1 | BB+ | BBB- |

*Source: Bloomberg, KPMG Analysis*

*Note: (1) The above securities were selected based on the following criteria: Sector / Industry: Metals & Mining (excluding pure play mining companies), Currency: USD, Credit Rating Range: BB to BBB- and Coupon type: Fixed rate.*

*(2) When a company has different bonds with rather similar maturities and coupon rates, only the bond with the highest yield to maturity was kept.*

**Figure 40: WACC – Listed Bonds – Metal Industry**

| Listed bonds - Metal industry | | | |
|---|---|---|---|
| **Comparable bond yields [1]** | | | |
| **Duration** | **1 year < x < 4.6 years** | **4.6 years < x < 6 years** | **6 years >x > 12 years** |
| Min | 2.8% | 3.7% | 3.9% |
| **Median** | **3.5%** | **4.3%** | **5.3%** |
| Average | 3.6% | 4.5% | 5.2% |
| Max | 5.1% | 6.0% | 6.9% |
| Number of bonds | 14 | 8 | 13 |
| Number of companies | 7 | 7 | 8 |
| **ArcelorMittal 6.0% 2021** | | **4.6%** | |

*Source: Management, KPMG Analysis*

*Note: (1) Comparable bonds do not include ArcelorMittal's bonds*

### Concluded base cost of debt

To select the cost of debt, we performed two analyses. Our first analysis considered the yield of ArcelorMittal's listed debt (6% coupon rate, maturing in 2021); and, the second analysis was based on comparable bonds (similar currency, duration, rating and coupon type) of companies in the steel industry. We benchmarked the two analyses with the USD US Industrial BBB- BFV 7-year curve. The BFV price is derived by utilizing well-priced bonds with similar characteristics such as currency, market type, industry, and credit rating. No information was provided for a BB+ rated company. We therefore deemed the yield of the USD US Industrial BBB- BFV curve to be an interest rate floor.

To obtain a WACC denominated in EUR currency, we apply a currency adjustment to yields that are obtained from USD-denominated instruments. In theory, the currency adjustment is explained by the inflation differential which can be approximated by computing the difference in yields between the 7-year EUR German Government bonds yield curve and the 7-year USD Treasury bonds yield curve.

As the cost of debt should be a long-term view on the company, the analysis was adjusted since it was performed on a 7-year maturity bond. From a theoretical point of view we assume that the difference between the 30-year and 7-years yield curves of German Government bond is the best proxy to adjust for the shorter maturity period of our bond.

Since the valuation is performed on a stand-alone basis (i.e. not as a part of ArcelorMittal), we considered that AML would not benefit from the corporate structure of AM, and thus, would likely command a lower credit rating than ArcelorMittal. As such, the cost of debt of AML would be higher than the one of AM due to (i) a smaller size, (ii) less diversified operations; and, (iii) fewer assets on its balance sheet. We understand, as a result, that the credit rating of AML would be two notches below the one of AM (i.e. $BB^-$ instead of $BB^+$). We understand that the contractual structure of AM's bonds contemplates a 25 bps increase per downgraded notch. For example the US03938LAU89 bond that matures in 2021 and initially had a coupon of 5.5% 2021 now pays a 6.0% coupon after a two notches decrease in credit rating. We therefore considered a 50 bps adjustment as the best proxy to account for a credit rating lower by two notches.

Based on our analysis, the concluded pre-tax cost of debt is 6.05%.

## 24.2. Selection of peers

The selection of peers was based on the analysis of the key characteristics of each entity's operations in Europe. We identified publicly traded companies with similar business models, product lines and geographical exposure (i.e. Europe or similar markets) to AML's Subsidiaries. Specifically, where available, we identified peers for each of AML's Subsidiaries' industry segments.

#### *24.2.1.* Flat carbon products in Europe – Selected peers

- AK Steel Holding Corporation;
- Allegheny Technologies Inc.;
- Nucor Corporation;
- Steel Dynamics Inc.;
- Tata Steel Limited;
- United States Steel Corp.; and,
- Voestalpine AG.

### 24.3. Long carbon products in Europe – Selected peers

- Allegheny Technologies Inc.;
- Nucor Corporation;
- Steel Dynamics Inc.;
- Schmolz + Bickenbach AG;
- Tata Steel Limited; and,
- Voestalpine AG.

### 24.4. Wire products in Europe – Selected peers

- Bekaert SA;
- Nucor Corporation; and,
- Voestalpine.

# 25. Appendix 18 – KPMG Corporate Finance Disclosures

## 25.1. Qualifications

The individual responsible for preparing this report on behalf of KPMG Corporate Finance is Yves Courtois. He is the Partner in charge of Corporate Finance at KPMG Luxembourg S.à r.l. He is a co-head of KPMG's Global Valuation Institute and is accredited by the Corporate Finance Network to provide company valuations. He is also part of the KPMG Global Valuation Committee. Yves Courtois has 18 years of experience at KPMG, of which 15 in the provision of corporate financial advice, including specific advice on valuations, the preparation of expert reports, as well as mergers and acquisitions. He holds the professional qualifications of Charted Financial Analyst (CFA) and Charted Market Technician (CMT).

## 25.2. Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than assisting the Board of Directors of ArcelorMittal in assessing a proposed price for the securities of the Minority Shares covered by the Proposal in the context of a Squeeze-Out. KPMG Corporate Finance expressly disclaims any liability to any ArcelorMittal or AML shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

## 25.3. Independence

In assessing our independence it is relevant to consider that, during the course of this engagement, KPMG Corporate Finance provided draft copies of this report to Management for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG Corporate Finance alone. Changes made to this report as a result of those reviews have not altered the opinions of KPMG Corporate Finance as stated in this report.

## 25.4. Consent

KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it is included with the Valuation Report to be issued to the shareholders of ArcelorMittal. Neither the whole nor the any part of this report, nor any reference thereto may be included in any other document without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears.

# 26. Appendix 19 – List of document received from Management

| Documents | |
|---|---|
| **1. Agora BP** | |
| 1.1 | Presentation of the development project and Business Plan |
| 1.2 | Request list |
| **2. Agora sàrl et cie** | |
| 2.1 | 2013 Annual financial statements |
| 2.2 | 2013 Financial statements appendices |
| 2.3 | 2013 Auditor report (Draft) |
| 2.4 | 2011 Annual report |
| **3. AM Belgium** | |
| 3.1 | June 2014 YTD IFRS Non-audited financial statements |
| 3.2 | 2012 Annual report |
| 3.3 | 2011 Annual report |
| 3.4 | Restructuring project status |
| 3.5 | Additional requested informations |
| 3.6 | Financial informations regarding its entities |
| 3.7 | 2013 Impairement test |
| 3.8 | 2014 Impairement test (Update AOP) |
| **4. AM Belval & Differdange** | |
| 4.1 | June 2014 YTD IFRS Non-audited financial statements |
| 4.2 | 2013 Annual accounts + Auditor report |
| 4.3 | 2012 Annual accounts + Auditor report |
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